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United States Department of Agriculture

Economic Research Service

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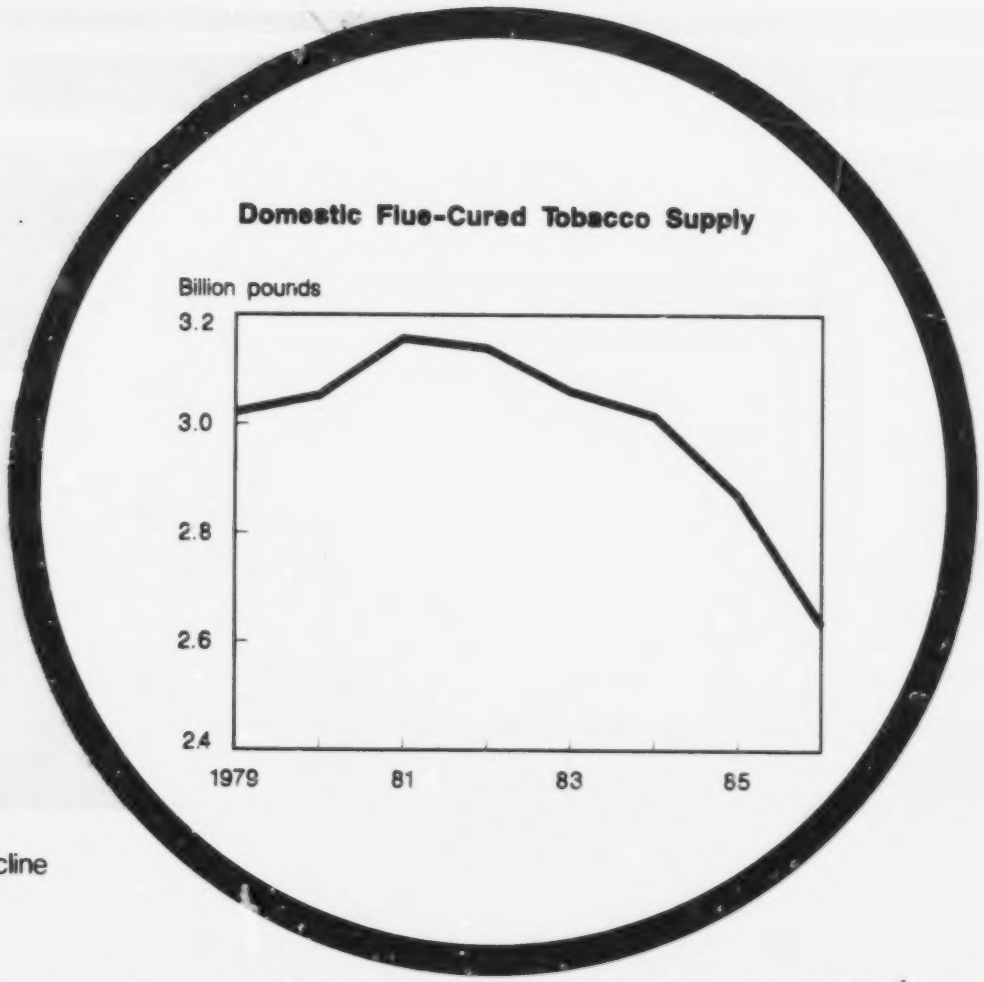
September 1986

Tobacco Situation and Outlook Report



Flue-cured supplies decline for fifth straight year.

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CONTENTS

Page	
4	Tobacco Products
10	U.S. Exports and Imports
14	U.S. Tobacco Leaf Situation and Outlook
17	Flue-Cured
23	Burley
25	Southern Maryland
25	Fire-Cured
27	Dark Air-Cured
27	Cigar Tobacco
	Special Article
36	Costs of Producing and Selling Flue-Cured Tobacco: 1984, Preliminary 1985, and Projected 1986
40	Statistical Summary
41	List of Tables

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SUMMARY

As of September 1, U.S. tobacco output was forecast at 1.22 billion pounds, down 19 percent from 1985 due to reduced acreage and yields. Dry weather lowered yields and leaf quality but quality still appears relatively good. Prices at flue-cured auctions are lower because the support level was reduced. However, the no-net-cost assessment charged producers has been reduced from 1985's 25 cents to 2-1/2 cents this year, which more than offsets the drop in price. Prices are about 9 cents a pound above a year ago, but with lower yields, returns per acre after assessments may be slightly lower.

The tobacco supply for 1986/87 is forecast to decline about 6-1/2 percent to 4.97 billion pounds with decreases in both flue-cured and burley. Stocks going into the new marketing year (July 1 for flue-cured and cigar-wrapper types, and October 1 for all other types) likely will equal 3.72 billion pounds, about 3 percent lower than a year earlier.

Prospects for world tobacco use indicate a small increase in sales and use of cigarettes and unmanufactured tobacco. Use of U.S. tobacco may increase a little from last year's 1.6 billion pounds. Exports may rise from last year's 534 million pounds (644 million, farm sales weight) to about 550 million. Lower U.S. prices, smaller production in some major competitor countries, the weaker dollar, and a relatively good quality 1986 crop could bolster exports.

U.S. cigarette output this year is expected to decline from 1985's 665 billion pieces. Increased prices, health concerns, and smoking restrictions may cause cigarette consumption to fall about 2 percent, lowering the per capita smoking rate (persons 18 and older) from last year's 3,370 cigarettes.

Based on State estimates, the 1986 flue-cured crop totaled 675 million pounds, down 16 percent from last year. Beginning stocks on July 1 were down 6 percent. The total supply is 2.63 billion pounds, about 8 percent below last year, but ample at about 2.85 years' use. Total use this season may rise from last year's 912 million pounds, as exports are expected to increase. Carryover next June 30 may decline another 10 or 12 percent.

Flue-cured sales began July 29. By September 11, growers had sold about half of anticipated marketings with 5-1/2 percent going under loan. Despite the smaller crop, prices are lower because of reduced price supports. Sales through September 11 averaged $1.49 a pound, about 8 percent below the previous year. However, net prices to growers, after the no-net-cost assessment, were 9 cents a pound higher. Reduced auction prices, along with lower production, will cause cash receipts to fall significantly. After assessments though, per-acre receipts will be nearly as high as a year ago.

This year's burley crop is expected to fall 24 percent from the 1985 harvest. Because of a reduced 1985 crop, ending stocks on September 30 are projected about 1 percent lower than last year. The 1986/87 supply will be down about 4-1/2 percent from a year earlier, representing about 3.4 years' use and providing more than adequate stocks. Smaller crops are also forecast for Maryland, fire-cured, dark air-cured, and cigar types.

The national marketing quota for the 1987 flue-cured crop must be announced by December 15. Individual farm quotas and allotments will reflect undermarketings and overmarketings in the current crop. For burley, marketing quotas will be announced by February 1, 1987, and March 1, 1987, for other types.

Price support levels in 1987 for flue-cured and burley tobacco will be based on a 5-year moving average of market prices (two-thirds weight) and changes in a cost of production index (one-third weight). For other types, maximum increases in support levels will continue to be based on the average of the parity index during the 3 previous years compared with 1959.

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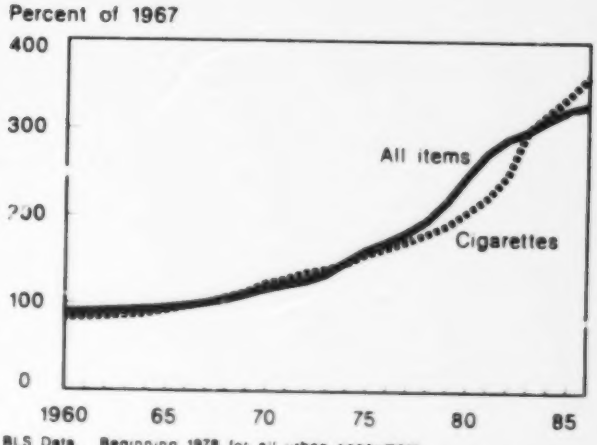
TOBACCO PRODUCTS

Cigarette Consumption Likely To Fall

U.S. cigarette consumption in 1986 will decline for the second consecutive year and 4 of the last 5 years (table 1). The drop stems from higher cigarette prices resulting from increased manufacturers' costs and higher excise taxes. In addition, antismoking activity and restrictions on where people can smoke are likely reducing demand.

Americans smoked an estimated 589 billion cigarettes in 1985/86 (July- June), about 9 billion fewer than a year earlier. Low- tar, low-nicotine cigarettes (containing 15 milligrams of tar or less) accounted for over half of total sales, although the proportion has fallen since 1981. Total consumption in 1986

Consumer Price Index and Cigarette Prices



BLS Data Beginning 1978 for all urban consumers
Cigarettes filter tip, king size for 1960-77 Latest year estimated

Table 1 -Cigarettes: U.S. output, removals, and consumption, 1977-86

Year	Output	Taxable	Removals Tax exempt				Estimated inventory increase	Total U.S. consumption3/
			Total	Exports	Shipments 1/	Overseas forces2/		
				Billions				
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0
1978	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0
1979	704.4	614.0	93.8	79.7	1.1	13.0	5.7	621.5
1980	714.1	620.5	94.2	82.0	1.1	11.3	2.3	631.5
1981	736.5	638.1	92.0	82.6	1.0	8.6	8.0	640.0
1982	694.2	614.1	82.1	73.6	1.0	7.7	-10.8	634.0
1983	667.0	597.5	69.7	60.7	.9	8.2	7.2	600.0
1984	668.8	597.8	67.1	56.5	.8	9.8	8.8	600.4
1985 4/	665.3	595.0	66.5	58.9	.8	6.8	9.5	594.0
1986 5/	658.5	575.0	75.0	67.5	.8	6.7	-0.6	584.0
				Year ending June 30				
1977	671.7	596.3	74.1	62.8	1.3	10.0	-9.7	616.5
1978	685.4	609.6	81.5	69.4	1.0	11.1	3.0	618.0
1979	707.0	615.2	92.2	78.8	1.2	12.2	12.1	616.0
1980	697.0	605.8	93.2	82.9	1.0	9.3	-7.2	622.0
1981	727.8	631.4	92.0	83.0	.9	10.1	5.9	637.0
1982	721.5	632.3	86.8	78.8	.8	7.2	5.1	635.7
1983	678.4	603.3	75.3	65.5	.8	9.0	-6.2	620.0
1984	661.5	596.6	65.0	56.4	.8	7.8	5.8	600.0
1985	665.4	595.4	66.3	55.8	.8	9.7	8.8	598.0
1986 4/	662.0	581.2	70.3	62.6	.8	6.9	0.8	589.0

1/ To Puerto Rico and other U.S. possessions. 2/ Includes ship stores and small tax exempt categories. 3/ Taxable removals, overseas forces, inventory change and imports (negligible). 4/ Subject to revision. 5/ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

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may fall about 2 percent. Consumption per capita (18 and older) is forecast at 164 packs of 20 (3,275 cigarettes), a 3-percent drop from last year (table 2) and the lowest since 1944.

During the first 7 months of 1986, cigarette exports rose 18 percent (table 3); shipments to Europe rose sharply while exports to Asia rose a little and African shipments fell. Despite increased foreign sales prospects, cigarette production will likely drop in 1986 and decline further in 1987 because of reduced domestic consumption.

Retail prices were 7 percent higher in June than a year earlier (table 4), with manufacturers raising wholesale prices in December 1985 and again in June 1986. The rate of increase was a little higher than the previous year, but it has slowed considerably during the last 3 years. Retail prices rose 22 percent from June 1982 to June 1983.

Six States have increased cigarette excise taxes this year an average 4.3 cents a pack. The weighted average State tax on cigarettes was 16.2 cents a pack in mid-1986, ranging from 2 cents in North Carolina to 31 cents in Washington. Many cities and other local governments also tax cigarettes and about three-fourths of the States now apply a sales tax. The Federal excise tax was doubled to 16 cents a pack effective January 1, 1983, and was scheduled to return to 8 cents on October 1, 1985. However, the 16-cent rate was extended several times and was made permanent with enactment on April 7 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (the "Reconciliation Act").

On July 23, the Senate Finance Committee voted to increase the Federal cigarette excise tax by 8 cents to 24 cents a pack. However, a House panel rejected the proposal.

Federal Trade Commission Releases Report on Cigarette Labeling and Advertising

In July, the Federal Trade Commission (FTC) released its annual report on cigarette labeling and advertising. Promotion and advertising expenses reached a record $2.1 billion in 1984, a 10-percent gain from the previous year. The report also summarized trends in cigarette consumption, sales of discount and premium-priced cigarettes, tar and nicotine content, market shares for filter and menthol cigarettes, health hazards of cigarette smoking, and the implementation of four rotating warning labels on cigarette packages and advertisements.

Military Smoking Restrictions

In conjunction with a new health promotion program ordered by the U.S. Department of Defense, the Army, Navy, and

Table 2--Per capita consumption of tobacco products in the United States (including overseas forces), 1977-86

Year	Per capita 18 years and over				Per male 18 years and over			
	Cigarettes 1/		Snuff 2/	All tobacco products 1/	Large cigars & cigarillos		Smoking tobacco 2/	Chewing tobacco 2/
	Number	Pounds	Pounds	Pounds	Number	Pounds	Pounds	Pounds
1977	4,051	7.21	3/	3/	67.9	1.13	.65	3/
1978	3,967	6.89	3/	3/	63.4	1.05	.60	3/
1979	3,861	7.00	3/	3/	56.0	.92	.50	3/
1980	3,849	6.78	3/	3/	51.1	.84	.48	3/
1981	3,836	6.52	.25	7.59	48.9	.81	.46	1.13
1982	3,739	6.45	.26	7.46	45.2	.74	.42	1.09
1983	3,488	6.19	.27	7.19	43.8	.72	.40	1.05
1984	3,446	5.89	.27	6.85	41.9	.69	.35	1.05
1985 4/	3,370	5.91	.28	6.83	38.2	.63	.32	1.01
1986 5/	3,275	5.73	.27	6.61	36.3	.60	.29	.97

1/ Unstemmed processing weight. 2/ Finished product weight. 3/ New product classifications became effective January 1, 1982. Revisions for 1980 and prior years not available. 4/ Subject to revision. 5/ Estimated. Data prior to 1979 do not include results of 1980 census.

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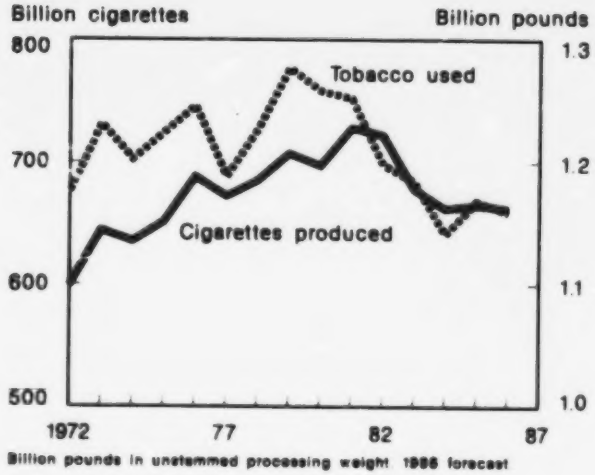
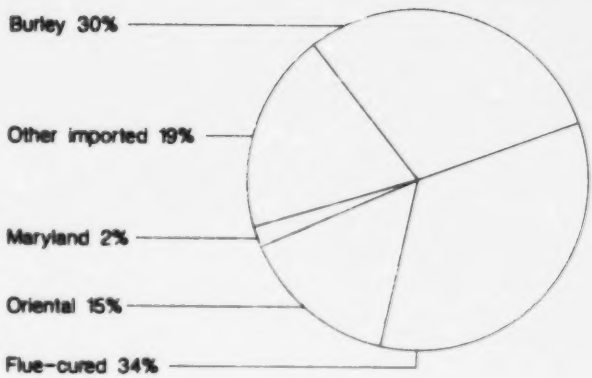
Cigarettes Produced and Tobacco Used



Billion pounds in unstemmed processing weight 1986 forecast

Tobacco Use in Cigarettes



1983-85 average

Marines have initiated stringent smoking restrictions that apply to both military and civilian employees. Smoking is banned in Army vehicles and restricted in offices. It is also restricted in Navy and Marine offices, ships, and aircraft. The directives state that smoking shall be permitted only to the extent that it does not endanger life or property or risk impairing nonsmokers' health.

House Bill Would Ban Advertising and Promotion of Tobacco Products

A bill (H.R. 4972) entitled the "Health Protection Act of 1986" was introduced in Congress on June 10, 1986. If enacted, all consumer sales promotion of tobacco products would be illegal. Consumer sales promotion is defined as:

- o Radio and television commercials, newspaper and magazine advertisements, billboards, posters, signs, decals, matchbook advertisements, point-of-purchase display material (except price information) and all other written or other material used for promoting the sale or consumption of tobacco products to consumers.
- o Advertising promotion allowances.
- o Premiums and samples.
- o Sponsorship of athletic, artistic, or other events under the registered brand name of a tobacco product.
- o Marketing of nontobacco products or services bearing the registered brand name or logo of a tobacco product.
- o Any other act or practice determined by the FTC to constitute unlawful consumer sales promotion.

A sign in a retail outlet stating that tobacco products are sold on the premises would not be considered a consumer sales promotion.

Table 3--U.S. cigarette exports to leading destinations, 1985-86

Country	July 1985 June 1986	January-July 1985	January-July 1986 1/
		Billions	
Belgium-Luxembourg	15.7	4.4	8.8
Hong Kong	8.8	4.0	4.7
United Arab Emirates	2.8	1.5	1.1
Netherlands Antilles	.9	.8	.6
Saudi Arabia	6.1	4.4	4.0
Japan	7.4	3.4	4.4
Kuwait	1.4	.8	.8
Spain	1.0	.5	.5
Columbia	*	*	*
Other	18.5	9.9	10.1
Total	62.6	29.7	35.0

1/ Subject to revision. *Less than 50,000.

Compiled from publications and records of the Bureau of the Census.

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Table 4--Tobacco demand factors, 1977-86*

Year	Population July 1 1/	Disposable personal income, per capita 2/		Consumer price indexes 3/				
		Current prices	1982 prices	All items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter tip regular	Filter tip, king size	
	Million	Dollars		1967=100				
1977	152.6	6,261	2,067	181.5	168.0	170.6	171.0	135.0
1978	155.3	6,968	2,167	195.4	177.3	--	179.8	4/ 103.9
1979	161.0	7,682	2,213	217.5	187.9	--	189.7	4/ 110.6
1980	164.1	8,241	2,214	246.8	202.6	--	205.2	4/ 120.0
1981	166.9	9,243	2,249	272.4	218.9	--	221.4	4/ 131.2
1982	169.6	9,724	2,262	289.0	243.4	--	247.1	4/ 140.8
1983	172.0	10,340	2,332	298.4	290.9	--	297.9	4/ 150.2
1984	174.2	11,265	2,471	311.1	310.0	--	318.4	4/ 158.5
1985 5/	176.3	11,817	2,528	322.2	328.4	--	337.8	4/ 166.3
1986 6/	178.3	12,122	2,568	327.5	350.0	--	360.5	4/ 174.0

1/ 18 years and older including forces overseas. 2/ Based on total population. 3/ All urban consumers, 1978-84; urban wage earners and clerical workers, 1973-77. 4/ Other tobacco products and smoking accessories, December 1977=100. 5/ Subject to revision. 6/ Estimated. *Data prior to 1979 do not include results of 1980 census.

Table 5--Wholesale cigarette price revisions, 1977-86 1/

Approximate date of change 3/	Net price per 1000				Net price per 1000 excluding Federal excise tax 2/			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimenter
	Dollars							
August 1977	14.35	14.35	14.35	14.85	10.35	10.35	10.35	10.85
June 1978	15.20	15.20	15.20	15.70	11.20	11.20	11.20	11.70
December 1978	15.75	15.75	15.75	16.25	11.75	11.75	11.75	12.25
June-July 1979	16.30	16.30	16.30	16.80	12.30	12.30	12.30	12.80
January 1980	17.05	17.05	17.05	17.55	13.05	13.05	13.05	13.55
May 1980	17.65	17.65	17.65	18.15	13.65	13.65	13.65	14.15
November 1980	18.50	18.50	18.50	19.00	14.50	14.50	14.50	15.00
April 1981	19.35	19.35	19.35	19.85	15.35	15.35	15.35	15.85
September 1981	20.20	20.20	20.20	20.70	16.20	16.20	16.20	16.70
February 1982	21.20	21.20	21.20	21.70	17.20	17.20	17.20	17.70
Aug.-Sept. 1982 4/	22.70	23.70	22.70	23.70	18.70	19.70	18.70	19.70
October 1982 4/	24.20	25.20	24.20	25.20	20.20	21.20	20.20	21.20
November 1982 4/	25.20	26.20	25.20	26.20	21.20	22.20	21.20	22.20
January 1983 5/	26.90	27.90	26.90	27.90	18.90	19.90	18.90	19.90
June 1983	28.40	29.40	28.40	29.40	20.40	21.40	20.40	21.40
December 1983	29.15	30.15	29.15	30.15	21.15	22.15	21.15	22.15
June 1984	30.15	31.15	30.15	31.15	22.15	23.15	22.15	23.15
December 1984	31.15	32.40	31.15	32.40	23.15	24.40	23.15	24.40
June 1985	32.15	33.40	32.15	33.40	24.15	25.40	24.15	25.40
December 1985	33.15	34.65	33.15	34.65	25.15	26.65	25.15	26.65
June 1986 6/	34.15	35.90	34.15	35.90	26.15	27.90	26.15	27.90

1/ Includes leading brands. A 3-percent discount is made for payment within 10 days or 2 percent within 14 days. 2/ Effective January 1, 1983, the Federal excise tax doubled to $8.00 per 1,000 cigarettes. 3/ For 1940-74, see TS-151, March 1975; for 1974-76, see TS-177, September 1981. 4/ Manufacturers increased prices by a different amount. The change shown represents a major manufacturer whose prices were between the highest and lowest. 5/ The January price increase brought major manufacturers' prices in line. 6/ Generic cigarette prices are about 35 percent lower than those listed and mid-priced brands are about 15 percent lower.

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National Academy of Science Study on Cigarette Smoking on Aircraft

The National Academy of Sciences (an independent research agency), in a report commissioned by Congress, has called for a ban on smoking on all domestic commercial jet flights. Findings of the study indicate that aircraft ventilation systems cannot adequately deal with drifting smoke and that separate smoking and nonsmoking sections required on jetliners since 1973 fail to protect nonsmokers from drifting smoke.

Cigar Consumption Continues Downward Trend

Total consumption of large cigars (including cigarillos) likely will fall from last year's 3.23 billion, continuing the trend of the last 16 years (table 6).

This year's average number of cigars smoked by males 18 and over is about 5 percent below 1985's average of 38. Midyear wholesale prices averaged less than 1 percent above a year ago. Taxable removals (domestic consumption of cigars by revenue class) through June showed declines in high- and low-priced groups but an increase in the medium-priced group.

According to the annual survey by the Cigar Association of America, sales of cigarillos totaled 1.23 billion in 1985, down 2 percent from a year earlier. Cigarillos weigh between 3 and 10 pounds per 1,000--less than half the weight of traditional cigars. Last year, cigarillo sales (based on taxable removals) were 39 percent of total sales of large cigars and cigarillos, a record high. The previous high was 38 percent in 1971.

Table 6--Cigars and smoking tobacco: Output, removals, and consumption, 1983-86

Year and item	Output 1/	Removals		Imports	Exports	Total U.S. consumption 2/
		Taxable 1/	Tax-exempt			
			Millions			
Large cigars and cigarillos						
1983	3,564	3,460	140	135	130	3,605
1984	3,501	3,333	121	143	104	3,493
1985	3,127	3,041	95	191	101	3,226
1986 3/	2,950	2,935	80	155	70	3,100
			Year ending June 30			
1983	3,331	3,422	144	138	138	3,566
1984	3,670	3,484	135	135	125	3,629
1985	3,327	3,130	105	167	105	3,297
1986 4/	3,002	2,988	86	166	80	3,160
			Million pounds			
Smoking tobacco						
1983	28.0	27.0	.6	6.7	1.0	33.3
1984	24.5	24.3	.4	5.7	.9	29.5
1985	22.1	21.8	.4	5.4	.6	27.0
1986 3/	18.5	19.2	1.0	5.2	.9	24.5
			Year ending June 30			
1983	29.1	27.7	.6	6.2	1.0	33.5
1984	25.8	25.5	.5	6.3	.9	31.3
1985	23.2	22.8	.3	5.5	.7	27.9
1986 4/	20.2	20.5	.8	5.4	.7	26.0

1/ Output and taxable removals include United States and Puerto Rico combined. 2/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. 3/ Estimated. 4/ Subject to revision.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and AMS, USDA.

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For 1986, output of little cigars (weighing 3 pounds or less per 1,000) may decline 30 percent from last year's 1.24 billion. Production has declined in most years since 1972.

Smoking tobacco used in pipes and roll-your-own cigarettes may fall below last year's 27 million pounds (table 6), continuing the last decade's downtrend. In the first half of 1986, domestic use including imports totaled 12-1/4 million pounds, about 1-1/4 million below a year earlier. By midyear, wholesale prices averaged 3 percent above a year earlier.

Smokeless Tobacco Output Down

Chewing tobacco production in 1986 is expected to fall from the 87 million pounds produced in 1985. Output of loose leaf chewing tobacco, plug, and twist are all down. Total snuff production is also down slightly from a year ago.

Consumption of smokeless tobacco products may be hurt because of legislation enacted earlier this year. On April 7, the "Reconciliation Act" was signed into law. The act placed a 24-cent-a-pound excise tax on snuff and an 8-cent-a-pound tax on chewing tobacco effective July 1, 1986, in addition to making the 16-cent-per-pack Federal excise tax on cigarettes permanent.

In February, the Comprehensive Smokeless Tobacco Health and Education Act of 1986 was enacted (P.L. 99-252). The act requires three rotating warning labels on smokeless tobacco containers and in printed advertisements, except billboards, for the products beginning in late February 1987.

The warnings are:

- o This product may cause oral cancer.
- o This product may cause gum disease and tooth loss.

Table 7--Tobacco products: Output by category, 1977-86

Period	Chewing tobacco					Snuff		Small cigars 2/	Smoking tobacco in bulk (exports)
	Plug-firm	Plug-moist	Twist	Loose leaf	Total 1/	dry	moist		
	Million pounds							Millions	Million pounds
1977	3/	3/	2.2	61.3	3/	3/	3/	1,864	9.8
1978	3/	3/	2.1	64.6	3/	3/	3/	1,645	4.2
1979	3/	3/	2.0	71.7	3/	3/	3/	1,544	27.0
1980	3/	3/	2.0	75.5	3/	3/	3/	1,440	6.4
1981	11.4	6.5	1.8	70.3	90.0	11.7	30.7	1,393	7.0
1982	10.5	5.2	1.7	73.0	90.4	10.3	33.5	1,294	11.1
1983	9.7	4.4	1.7	71.0	86.8	10.5	36.2	1,352	7.9
1984	8.5	4.2	1.7	74.4	88.8	10.2	39.2	1,256	9.3
1985	7.4	4.0	1.5	74.0	86.9	9.2	39.6	1,245	11.9
1986 4/	5.6	3.6	1.4	72.4	83.0	9.0	39.5	870	40.0
	Year ending June 30								
1977	3/	3/	2.3	58.5	3/	3/	3/	2,055	13.4
1978	3/	3/	2.1	62.8	3/	3/	3/	1,846	3.4
1979	3/	3/	2.1	66.7	3/	3/	3/	1,459	17.1
1980	3/	3/	1.9	74.5	3/	3/	3/	1,501	23.8
1981	3/	3/	1.8	69.7	3/	3/	3/	1,452	4.9
1982	10.7	5.3	1.8	72.8	90.6	8.9	32.4	1,319	10.9
1983	9.9	4.8	1.7	73.6	90.0	9.7	35.0	1,289	9.8
1984	9.5	4.1	1.7	70.7	86.0	10.4	37.1	1,324	9.5
1985	8.2	4.1	1.6	74.1	88.0	9.9	40.1	1,358	8.8
1986 5/	5.8	3.7	1.5	73.2	84.2	9.2	39.4	977	30.2

1/ Detail may not add to total due to rounding. 2/ Weigh not more than 3 pounds per thousand. 3/ New product classifications became effective January 1, 1982. Revisions for 1980 and prior years are not available. 4/ Estimated. 5/ Subject to revision.

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- This product is not a safe alternative to cigarettes.

In print advertisements, circles and arrows will draw attention to the warning labels. Television and radio advertising of smokeless products was banned as of August 28.

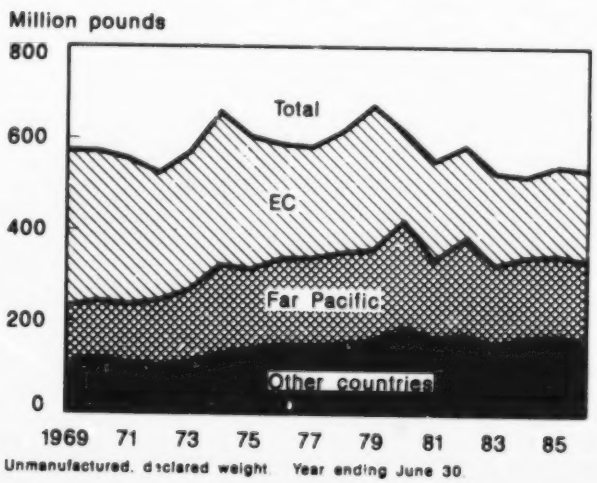
U.S. EXPORTS AND IMPORTS

U.S. Leaf Exports Dropped in First 7 Months of 1986

U.S. exports of unmanufactured tobacco during January-July were 8 percent below last year. Of the two major categories, burley rose 3 percent and flue-cured declined 26 percent. Weaker demand for last season's flue-cured dropped total U.S. unmanufactured exports 1-1/2 percent during July 1985-June 1986 to 534 million pounds (644 million pounds, farm sales weight). The decline was caused by reduced cigarette consumption in major importing countries, ample world supplies and uncertainties about U.S. prices when import commitments were made. The value of unmanufactured exports in 1985/86 fell to $1.43 billion, 6 percent below a year earlier.

Although dry weather may have reduced the quality of the 1986 crop a little, 1986/87 leaf exports may increase because prices are lower, the dollar weaker, and the crop is of relatively good quality. However, declining cigarette consumption in major importing countries, ample tobacco supplies in competitor countries, and quotas and tariffs that discriminate against U.S. tobacco will hold exports down.

Export Markets for U.S. Tobacco



World Cigarette Trade

World cigarette trade rose about 8 percent in 1985. Shipments from the United States, Bulgaria, and West Germany were up and those from the Netherlands and the United Kingdom were about the same. Together, these five countries account for nearly three-fourths of total world exports. The Soviet Union, France, Italy, and the Netherlands are important cigarette importing countries.

Excluding China, world cigarette production increased about 1.7 percent last year, compared with a 1.3-percent increase in 1984. Before the increases in 1984 and 1985, world cigarette production, except in China, had been relatively stagnant for several years due to price and tax increases, heightened antismoking campaigns, and recessions in many countries. Furthermore, leaf use per cigarette has been declining, due partly to the increased use of filters. Filter cigarettes accounted for 99 percent of the total output in Japan, 96 percent in the United Kingdom, and 94 percent in West Germany.

High prices and increased health concerns have dampened cigarette consumption in several developed countries, particularly the United Kingdom and the Netherlands, where large price increases have occurred. In 1985, the United Kingdom's cigarette output declined 5 percent, and domestic cigarette sales fell 2 percent. Cigarette consumption fell 7 percent in the Netherlands in 1985 following a 15-percent decline a year earlier. Since 1980, per capita consumption in the Netherlands has fallen 32 percent because of large tax and price increases and health concerns.

West German cigarette production rose in 1985 for the third consecutive year following a 12-percent decline in 1982, when cigarette taxes were boosted 32 percent. In 1985, traditional cigarette brands regained market shares and the market share for generics fell. Also, cigarette exports rose.

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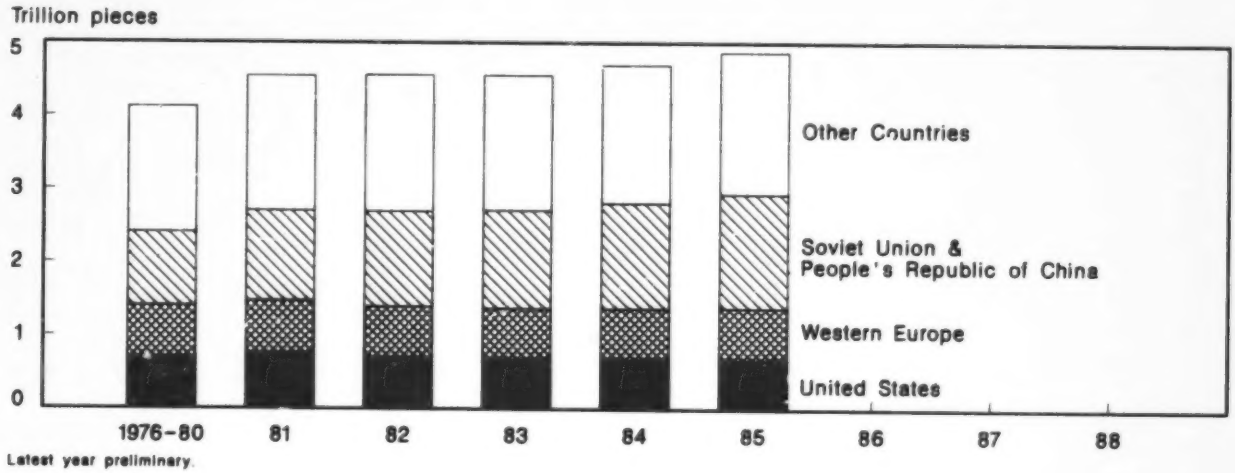
World Cigarette Output



Latest year preliminary.

In the largest tobacco producing and consuming country in the world, the People's Republic of China, cigarette output rose 11 percent in 1985. Production is expected to grow another 7 to 8 percent in 1986. Only 13 percent of China's cigarettes were filter-tipped in 1985, but the proportion has nearly doubled since 1980. Although the increase in filter-tipped share is relatively low, the hike is expected to continue because young adults prefer blended filter-tipped cigarettes.

For 1985/86, Zimbabwe, a key U.S. competitor, produced a smaller but higher quality crop of tobacco, much of which will be exported. Leading markets for Zimbabwe's tobacco include Western Europe, the Middle East, and the Far East.

The total value of exports of U.S. tobacco leaf and products in 1985/86 (July-June) reached a record $2.85 billion, 5 percent above 1984/85 and a little above 1981/82. With increased volume in 1986/87, another record could be set.

Tobacco Imports Rise

U.S. unmanufactured imports for consumption were 449 million pounds during July 1985-June 1986, 6 percent above a year earlier (table 9). 1/ The rise likely was in response to the expected implementation of the new pesticide inspection and end-user law (discussed below). During January-July, imports for consumption rose 9 percent, with the gain mainly due to increased imports of flue-cured and stemmed cigarette leaf.

Both U.S. cigar and cigarette manufacturers use imported tobacco in their blends. For the year ending June 30, U.S. cigarettes contained about 35 percent imported tobacco and cigars about 59 percent (tables 10 and 11). U.S. imports of cigarette leaf during January-July averaged $1.48 a pound, excluding ocean freight and duty. For most cigarette leaf imports, the duty is 11.5 cents a pound, yet most imports still cost considerably less than domestic filler. This is partly because with Oriental tobacco--the bulk of cigarette leaf imports--the entire leaf is usable without stemming.

Tobacco Pesticide Residues and End Users of Imported Tobacco

The Food Security Act of 1985 (Public Law 99-198) requires that all flue-cured and burley tobacco offered for importation into the United States must either be certified by the importer, or inspected by the USDA, to ensure that the tobacco does not contain more than a specified residual level of pesticides that have been cancelled, suspended, or otherwise prohibited under the Federal

1/ Includes tobacco, manufactured or not manufactured except smoking tobacco in retail packages, flue-cured and tobacco, manufactured or not manufactured, not specially provided for (other)

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Table 8--United States exports of unmanufactured tobacco by type and to principal importing countries 1983-86

(Declared weight)

Type and country	Year ending June 30				January-July		1986 as a percentage of 1985
	1983	1984	1985	1986 1/	1985	1986 1/	
	Million pounds						Percent
Type:							
Flue cured	320.9	318.9	335.6	304.1	114.0	84.8	74
Burley	85.8	79.5	98.3	104.9	77.8	80.0	103
Maryland	6.6	7.3	4.6	7.4	3.3	3.7	112
Fire-cured, Ky, and Tenn.	21.4	17.6	12.2	16.6	7.0	7.5	107
Virginia fire and sun-cured	1.9	1.7	2.7	3.1	1.0	1.0	100
Green River and One Sucker	.2	.1	.4	.5	*	.1	---
Black Fat	.8	3.2	1.8	3.5	1.4	2.0	143
Cigar wrapper	.9	1.7	2.0	2.3	1.5	1.7	113
Cigar binder	.1	.2	.3	.3	.2	*	---
Cigar filler	.2	.3	.3	.2	.1	.2	200
Perique	.3	.3	.2	.2	.1	.1	100
Stems, trimmings and scrap	75.8	73.6	74.9	79.4	29.3	34.4	117
Other, unmanufactured, NEC	11.6 2/	15.4	8.5	11.1	3.5	3.9	111
Total	526.5	519.8	541.6	533.6	239.2	219.4	92
Country of destination							
United Kingdom	28.7	32.7	25.8	19.4	11.0	10.9	99
France	7.0	5.3	7.6	10.5	5.8	5.2	90
Belgium-Luxembourg	17.1	8.1	9.9	11.5	5.8	5.0	86
Netherlands	24.7	26.0	16.3	32.9	8.0	18.7	234
West Germany	64.7	56.8	74.5	81.8	38.2	43.4	114
Denmark	20.3	14.5	23.1	13.8	9.1	7.6	84
Ireland	2.7	4.0	9.7	6.0	4.5	3.0	67
Italy	34.5	28.3	25.8	23.5	22.7	16.8	74
Total EC	199.7	175.7	192.7	199.4	105.1	110.6	105
Switzerland	25.0	15.0	37.1	11.6	18.6	6.4	34
Finland	5.9	6.1	4.9	4.8	2.4	1.7	70
Norway	4.3	5.0	5.2	3.3	1.6	2.0	125
Sweden	9.5	14.1	11.6	14.6	4.4	3.2	73
Spain	33.8	60.5	32.6	28.9	22.5	8.6	38
Thailand	9.1	14.6	17.8	13.0	17.8	13.0	73
Korea, Rep of	*	*	*	2.5	*	1.3	---
Malaysia	7.9	9.7	8.8	8.6	5.2	4.1	79
Philippines	13.2	7.1	8.8	10.5	5.2	4.9	94
Taiwan	18.8	24.6	24.2	23.2	3.8	3.1	82
Japan	112.2	99.9	103.9	105.3	23.5	26.9	114
Australia	9.8	9.3	8.9	9.4	4.1	7.2	176
New Zealand	2.8	3.1	2.5	2.3	.8	1.7	213
Egypt	9.7	21.0	34.6	40.6	1.3	.9	69
Other countries	64.8	54.1	48.0	55.5	22.9	23.8	104
Total	526.5	519.8	541.6	533.6	239.2	219.4	92

1/ Subject to revision. 2/New classification, January 1, 1978. Previously included in manufactured in bulk. *Less than 50,000 pounds.

Detail may not add to total due to rounding. Compiled from publications and records of the Bureau of the Census.

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Table 9—U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1985/86, and January-July 1985-1986 1/

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	Year July 1985 June 1986	January-July		1986 as a percentage of 1985	Year July 1985 June 1986	January-July		1986 as a percentage of 1985
		1985	1986			1985	1986 1/	
	Million pounds			Percent	Million pounds			Percent
Cigarette tobacco:								
Leaf:								
Oriental								
Turkey	105.3	60.4	61.9	102	118.9	69.2	74.7	108
Greece	28.7	16.8	17.1	102	32.5	25.4	24.3	96
Yugoslavia	14.5	7.8	8.2	105	13.4	5.4	8.8	163
Other countries	18.7	10.9	11.1	102	16.2	14.5	12.8	88
Flue-cured	35.6	12.1	21.5	178	40.2	16.8	24.4	145
Burley	14.3	13.3	7.6	57	18.7	15.4	13.3	86
Other 2/	143.4	65.7	80.1	122	134.1	72.4	90.7	125
Subtotal	360.4	187.0	207.5	111	374.0	219.1	249.0	114
Manufactured or not manufactured categories 3/	2.8	1.3	1.3	100	3.1	1.5	1.7	113
Scrap: 4/								
Brazil	.6	.3	.6	200	1.7	1.1	1.6	145
Korea, Republic of	0	*	0	0	*	0	*	0
Italy	.2	.2	.2	100	*	0	0	—
Mexico	0	*	0	0	0	0	0	0
Turkey	8.8	2.0	5.8	290	6.3	1.9	2.6	137
Other countries	5.0	2.9	2.9	100	4.1	3.2	2.7	84
Subtotal	14.6	5.4	9.5	176	12.1	6.2	7.8	126
TOTAL	377.8	192.4	217.0	113	389.2	226.8	258.5	114
Cigar tobacco:								
Wrapper	2.0	1.4	1.2	86	1.7	1.3	1.0	77
Filler-stemmed and unstemmed								
Dominican Republic	3.6	3.0	2.8	93	4.4	2.8	3.5	125
Other countries	2.3	2.9	1.4	48	10.2	8.4	4.7	56
Subtotal	7.9	7.3	5.4	74	16.3	12.5	9.2	74
Scrap:								
Philippine Republic	4.6	3.1	1.9	61	3.3	2.6	.8	31
Indonesia	4.7	2.9	2.3	79	5.0	1.7	1.2	71
Dominican Republic	3.2	2.9	2.7	93	2.5	2.9	2.1	72
Brazil	2.7	1.9	1.6	84	1.8	2.5	1.7	68
Other countries	13.7	8.3	7.7	93	14.5	9.5	7.1	75
Subtotal	28.9	19.1	16.2	85	27.1	19.2	12.9	67
TOTAL	36.8	26.4	21.6	82	43.4	31.7	22.1	70
Stems	34.5	19.0	21.3	112	34.4	18.3	20.5	112
GRAND TOTAL	449.1	237.8	259.9	109	467.0	276.8	301.1	109

1/ Preliminary. 2/ Largely stemmed cigarette leaf. 3/ Includes tobacco, manufactured or not manufactured, except smoking tobacco in retail packages, flue-cured and tobacco manufactured or not manufactured, not specially provided for, other. 4/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff. Detail may not add to total due to rounding.

Compiled from publication and records of the Bureau of the Census.

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Table 10--Estimated U.S. imports of flue-cured and burley tobacco and domestic use, 1969-85
(Farm sales weight)

Year beginning July 1	Flue-cured				Burley			
	Imports 1/	Domestic disappearance	Total use	Imports' share of total	Imports 1/	Domestic disappearance 2/	Total use	Imports' share of total
	Million pounds			Percent	Million pounds			Percent
1969	5.7	645.9	651.6	0.9	3.3	507.1	510.4	0.6
1970	10.6	640.1	650.7	1.6	3.2	503.0	506.2	0.6
1971	11.2	662.5	673.7	1.7	4.6	515.2	519.8	0.9
1972	12.7	664.2	676.9	1.9	8.9	534.5	543.4	1.6
1973	20.4	703.4	723.8	2.8	30.7	533.1	563.8	5.4
1974	23.1	652.3	675.4	3.4	47.7	518.8	566.5	8.4
1975	24.4	670.6	695.0	3.5	46.7	510.1	556.8	8.4
1976	30.8	634.0	664.8	4.6	37.9	489.6	527.5	7.2
1977	55.0	608.2	663.2	8.3	85.4	494.8	580.2	14.7
1978	60.1	584.1	644.2	9.3	89.1	502.8	591.9	15.1
1979	84.8	563.1	647.9	13.1	113.6	498.5	612.1	18.6
1980	72.7	529.4	602.1	11.7	136.9	477.6	614.5	22.3
1981	63.3	488.8	552.1	11.5	109.7	463.9	573.6	19.1
1982	103.1	478.5	581.6	17.7	141.3	444.1	585.4	24.1
1983	3/ 94.4	441.6	536.0	17.6	3/ 135.0	388.7	523.7	25.8
1984	3/ 120.1	454.2	574.3	20.9	3/ 163.8	402.6	566.4	28.9
1985	4/ 151.0	476.5	627.5	24.1	4/ 137.8	5/ 395.0	532.8	25.9

1/ Imports for consumption (duty paid) of leaf, scrap, and manufactured or unmanufactured (beginning 1980), prorated according to reported stocks of imported flue-cured and burley. 2/ Marketing year beginning October. 3/ General imports adjusted for stock change. 4/ Volume inspected by Agricultural Marketing Service adjusted for stock change. 5/ Estimated.

Insecticide, Fungicide, and Rodenticide Act. The residue standards for imported flue-cured and burley became effective September 2. The act further requires that all flue-cured and burley tobacco permitted into the United States must be accompanied by a written identification of any and all end users or purchasers to whom the importers may transfer such tobacco.

Under the act, USDA also was directed to fix and collect fees from importers to cover, as nearly as practicable, the costs of sampling and testing. The fee for sampling and testing imported flue-cured and burley was initially set at 10 cents per 100 pounds. Imported flue-cured or burley not accompanied by a certification by the importer that it is free of prohibited pesticide residues will be subject to an additional fee of 30 cents per 100 pounds.

U.S. TOBACCO LEAF SITUATION AND OUTLOOK 2/

During the past marketing year (1985/86), about 60 percent of U.S. tobacco was used for domestic manufacture and about 40 percent was exported. Disappearance of U.S. leaf declined 2 percent to 1.6 billion pounds.

For 1986, effective farm quotas are lower for both flue-cured and burley tobacco. Acreage declined, resulting in a production forecast of 1.22 billion pounds (September estimate). This is 19 percent lower than last year and the smallest crop since 1936 (table 12). Disappearance is expected to be above production, so the large stocks will be reduced.

USDA Announces 1986 Flue-Cured and Burley Assessment Rates

Flue-cured producers are required to contribute 2-1/2 cents per pound of tobacco sold in 1986 to cover potential losses (excluding administrative costs) of tobacco placed under loan from the 1982-84 and 1986 crops. Burley growers are required to contribute 2-3/4 cents per pound of tobacco sold in 1986/87 to cover potential losses

2/ All quantities in this section are stated in farm-sales weight equivalent, unless otherwise noted.

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Table 11--U.S. imports of unmanufactured and other tobacco: Quantity and average value by kinds 1985/86 1/

Kind	Quantity	Change from 1984/85	Value per pound
	Million pounds		Dollars
Imports for consumption			
Cigarette 2/			
Flue-cured leaf	35.6	+41.3	1.01
Burley leaf	14.3	-28.1	0.87
Oriental leaf	167.2	-4.0	1.62
Other cigarette leaf 3/	143.4	+35.9	1.53
Scrap	14.6	+41.7	.48
Manufactured or not mfd., NSPF	2.8	-12.5	1.84
Cigar			
Leaf	7.9	-44.8	2.33
Scrap	28.9	-11.3	.82
Stems	34.5	-13.8	.16
Total	449.1	+5.7	1.33
General imports			
Cigarette 1/			
Flue-cured leaf	40.2	+26.4	1.01
Burley leaf	18.7	-20.1	.88
Oriental leaf	181.0	+17.9	1.56
Other cigarette leaf 3/	134.1	-7.3	1.57
Scrap	12.1	+16.3	.62
Manufactured or not mfd., NSPF	3.1	+47.6	1.74
Cigar			
Leaf	16.3	-28.2	1.46
Scrap	27.1	-10.9	.58
Stems	34.4	-9.5	.17
Total	467.0	+2.2	1.30

1/ Year ending June 30, 1986. 2/ Includes minor quantities for smoking tobacco, chewing tobacco and snuff. 3/ Largely stemmed cigarette leaf.

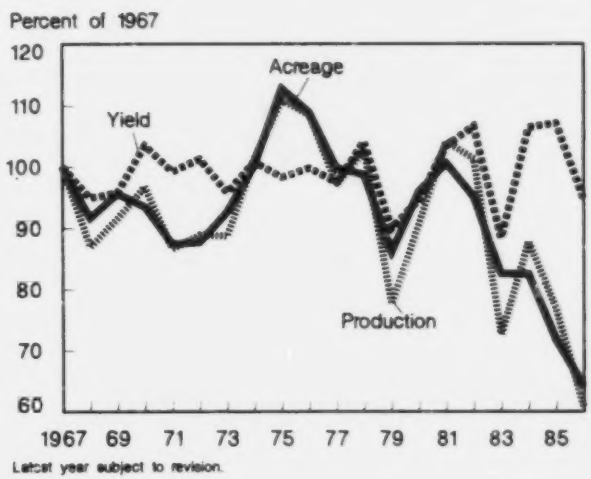
Compiled from publications and records of the Bureau of the Census.

Table 12--All tobacco: Acreage, yield and production, United States, 1965-86

Year	Acreage harvested	Yield per acre	Production
	Thousand acres	Pounds	Million pounds
Average			
1965-69	942	1,958	1,845
1970-74	886	2,053	1,819
1975	1,086	2,008	2,182
1976	1,047	2,041	2,137
1977	966	1,982	1,914
1978	964	2,101	2,025
1979	827	1,845	1,527
1980	921	1,940	1,786
1981	977	2,113	2,064
1982	913	2,185	1,994
1983	789	1,811	1,429
1984	792	2,183	1,728
1985	688	2,196	1,511
1986 1/	615	1,982	1,218

1/ Indicated September 1, 1986.

Tobacco Acreage, Yield, and Production



(excluding administrative costs) of tobacco placed under loan from the 1982, 1984, and 1986 crops. Purchasers also are required to contribute 1-1/2 cents per pound of flue-cured and 1-1/4 cents per pound of burley to cover potential losses from the 1986 crop. The 1986 crop is the first in which purchasers are required to pay an assessment, as mandated by the "Reconciliation Act of 1985."

The assessment also can be used to offset any required reductions from the statutory loan rate under the Gramm-Rudman-Hollings budget law. Use of the assessment for this purpose may not exceed an amount equal to 1 cent per pound of flue-cured producer marketings and 1-1/2 cents per pound of burley producer marketings.

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Supports and Marketing Quotas

Support levels for 1986 average $1.438 per pound for flue-cured and $1.488 per pound for burley. Grade loan rates for flue-cured range from $0.96 to $1.97 per pound. Price support levels for types other than flue-cured and burley have not been established for 1986, but they can increase a maximum of 1.4 percent. However, loan associations for other types can request that USDA hold supports the same or reduce them if market conditions warrant.

For 1987 and future years, the flue-cured and burley price support will be the level for the preceding year adjusted by changes in the 5-year moving average of prices (two-thirds weight) and changes in the cost of production index (one-third weight). Costs include general variable expenditures but exclude costs of land, quota, risk, overhead, management, marketing contributions, and other costs not directly related to the production of tobacco. The Secretary of Agriculture can set the price support between 65 and 100 percent of the calculated increase or decrease. For other types, maximum increases in support levels will continue to be based on the average of the parity index during the 3 previous years compared with 1959. But, loan associations can request reduced support levels if market conditions warrant.

USDA will soon request written comments on the procedure for setting the 1987 flue-cured marketing quota. By December 15, USDA will announce the quota (acreage-poundage) and the matching national acreage allotment. Individual farm quotas and acreage allotments for next year will reflect this year's overmarketings and undermarketings. Marketings this year are forecast to fall below the effective quota (table 15).

By February 1, USDA will announce the 1987 burley poundage quota, and by March 1, it will announce the 1987 acreage allotments for other kinds of tobacco under the production control program. At the request of growers, USDA is considering separate quotas for Ohio filler and the two Wisconsin types. Shortly after the announcement, growers of these filler and binder types will vote in referendums for or against acreage constraints on their next three crops. In previous referendums, producers of burley, fire-cured, dark air-cured, and Virginia sun-cured types approved marketing quotas applicable to the 1987 crop.

Maryland, Pennsylvania, and cigar binder (types 51-52) tobacco growers turned down marketing quotas in the last referendum (1986), so Government price support is not available for the 1986-88 crops. Pennsylvania filler has never had marketing quotas. For Maryland, quotas last applied to the 1965 crop. For cigar binder (types 51-52), marketing quotas last applied to the 1983 crop. In Puerto Rico, the Commonwealth Government has set filler tobacco quotas for

Table 13--U.S. tobacco allotments, by kinds of tobacco, 1986

Kinds	Allotments	Acreage allotments	Poundage allotments	Average size of allotment
	Number	Acres	Million pounds	Acres
Flue-cured (11-14) 1/	150,197	351,997	699.4	2/ 4,657
Burley (31) 3/	314,063	----	488.2	2/ 1,554
Va. fire-cured (21)	4,265	7,611	----	1.78
Ky.-Tenn. fire-cured (22-23)	13,490	19,701	----	1.46
Dark air-cured (35-36)	18,310	6,181	----	.34
Va. sun-cured (37)	591	1,027	----	1.74
Cigar filler and binder (42-44, 53-55)	5,439	9,416	----	1.73
Total	506,355	395,933	1,187.6	----

1/ Acreage poundage with national average yield goal of 1,989 pounds per acre. 2/ Pounds. 3/ Poundage quota.

Compiled from records of the Price Support and Loan Division, ASCS, USDA.

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Table 14--Flue-cured tobacco auction markets: Gross sales, average price, loan receipts, sales dates, through Sept. 6, 1985 and Sept. 5, 1986

	Gross sales		Average price per pound		Loan receipts				Sales period	
					Volume		Percent of sales		Opening date	Closing date
	1985	1986	1985	1986	1985	1986	1985	1986	1986 (1985)	1986 (1985)
	Million pounds		Cents		Million pounds		Percent			
14, Ga.-Fla.	79.9	61.9	168.4	154.6	4.9	1.0	6.2	1.7	July 29 (July 25)	(Oct. 2)
13, S.C.-Border N.C.	90.3	70.5	163.7	142.9	21.8	4.9	24.2	6.9	Aug. 5 (July 30)	(Oct. 21)
12, Eastern N.C.	107.5	103.6	158.4	148.2	31.2	6.2	29.0	5.9	Aug. 6 (July 31)	(Oct. 29)
11, old and middle Belts N.C., Va. 1/	83.8	49.5	159.1	138.7	23.2	2.8	27.7	5.6	Aug. 12 (Aug. 6)	(Nov. 7)
All Belts 2/	351.5	285.5	162.1	146.6	81.2	14.8	22.5	5.2	(July 25)	(Nov. 7)

1/ Four "Sandhills" markets opened with type 12, Eastern N.C. 2/ Computed from unrounded data.

Compiled from reports of Tobacco Division, AMS.

many years. Shade produced wrapper (types 61-62) is not covered by marketing quota legislation.

FLUE-CURED

Flue-Cured Prices Down This Year

Dry weather in July and early August in most of the tobacco growing area reduced yields. Quality was a little lower beltwide, but was improved in some areas. With effective price supports averaging 21 cents a pound lower than in 1985, overall auction prices are averaging about 8 percent lower than a year ago. However, grower assessments were reduced sharply from 25 cents to 2.5 cents per pound, so net returns per pound to growers are above a year ago. Last year, prices fell 5 percent compared with a 2-percent increase the year before.

Demand for U.S. tobacco has been weakened by reduced cigarette consumption resulting from higher manufacturer costs, hikes in Federal and State excise taxes, increased smoking restrictions, and heightened antismoking activity together with increased use of imported tobacco. The 1986 marketing season began 4 days later than a year ago. The Georgia-Florida market opened on July 29 followed on August 5, August 6, and August 12 in the other three belts. Unlike last season, there were no early sales dates reserved exclusively for sale of 1985 carryover tobacco. Even though the market opening was later than usual, it was still ahead of crop maturation. Weekly sales volume has consistently been below the opportunities established by the selling schedules through early September because dry weather reduced yields and harvest is progessing slower than normal. Yet, sales are ahead of last season's slow pace.

So far this year, price-support loan receipts have been considerably lower than last year, averaging 5-1/2 percent of producer sales, compared with 23 percent after the same number of sales a year earlier. Lower price supports, together with the smaller crop, have contributed to the smaller loan takings.

At auctions through September 11, flue-cured tobacco prices averaged $1.49 a pound, or about 13 cents below the same number of sales days last season (table 14). Essentially all grade averages were lower. By September 11, about half of the crop had been sold, a larger share than for the same number of sales days a year earlier.

Loan Receipts Below Last Year

The price support for the 1986 flue-cured crop averages $1.438 a pound, 21 cents below last year's effective support level. Because

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Table 15--Flue-cured and burley tobacco: Marketing quota and marketings, 1976-86

Year	Quota		Marketings				
	Basic	Effective	Actual	Over-quota	Under-quota	Effective underquota 1/	Net carryover 2/
			Million pounds				
			Flue-cured, types 11-14				
1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978	1,117.2	1,181.5	1,205.9	65.6	43.9	41.8	-26.4
1979	1,094.9	1,068.5	973.8	24.8	118.8	117.0	92.2
1980	1,094.4	1,186.5	1,086.1	36.0	137.9	135.1	99.1
1981	1,012.9	1,111.4	1,144.3	64.9	31.3	29.2	-35.6
1982	1,013.0	976.8	993.8	54.4	37.5	30.6	-23.8
1983	910.5	886.7	854.8	31.2	67.1	65.6	34.4
1984	804.3	831.7	849.6	42.6	32.8	31.5	-11.1
1985 3/	775.0	758.0	789.4	51.1	24.8	16.4	-34.7
1986 4/	728.5	699.4					
			Burley, type 31				
1976	634.8	726.4	663.6	33.1	96.2	82.3	49.2
1977	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978	614.2	667.8	614.2	31.5	88.2	67.6	36.1
1979	614.2	647.8	472.2	12.2	188.6	168.8	155.2
1980	614.4	768.9	557.5	11.6	224.3	200.1	181.8
1981	660.1	841.9	725.6	25.2	143.0	129.4	104.1
1982	680.3	777.8	776.7	46.8	50.9	41.2	-3.5
1983	646.6	641.0	526.7	13.7	132.4	127.6	113.9
1984	581.8	697.0	671.0	37.8	59.8	54.5	16.7
1985 3/	524.4	541.7	541.9	37.2	36.4	31.9	5.3
1986 4/	493.2	488.2					

1/ Underquota marketings less ineligible carryover. 2/ Effective underquota marketings less overquota marketings. 3/ Subject to revision. 4/ Preliminary.

Compiled from records and reports of Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

crop outturn is below likely disappearance, a larger share of the crop is being purchased by manufacturers and dealers. Loan receipts through September 11 totaled 18 million pounds, about 5-1/2 percent of producer marketings. In contrast, by this date in 1985, 23 percent was under loan.

To receive price support, flue-cured tobacco growers must certify that pesticides used on tobacco have been approved by the Environmental Protection Agency and that the products have been used in accordance with label directions. They must also certify in writing that any tobacco they deliver to market contains no concealed foreign material or tobacco of inferior grade, quality, and condition, and must designate one or more warehouses within 100 miles of their county seat for selling their crop. Also, to be eligible for price support, growers must contribute to a no-net-cost account.

Under quota legislation, growers receive price support on marketings up to 103 percent of their farm poundage quota. However, marketings above the poundage quota are deducted from the following year's quota. For marketings above 103 percent, growers must pay a penalty of 128.9 cents a pound (75 percent of the average market price for the preceding year).

Based on State estimates, 1986 production will total about 675 million pounds. 3/ In addition, 25 to 30 million pounds were not sold in 1985 because of insufficient quota, leaving about 700 million pounds available for sale in 1986. However, quota is available to sell only

3/ References to State estimates generally refer to estimates prepared locally for individual State Departments of Agriculture rather than from official National Agricultural Statistics Service (NASS) forecasts.

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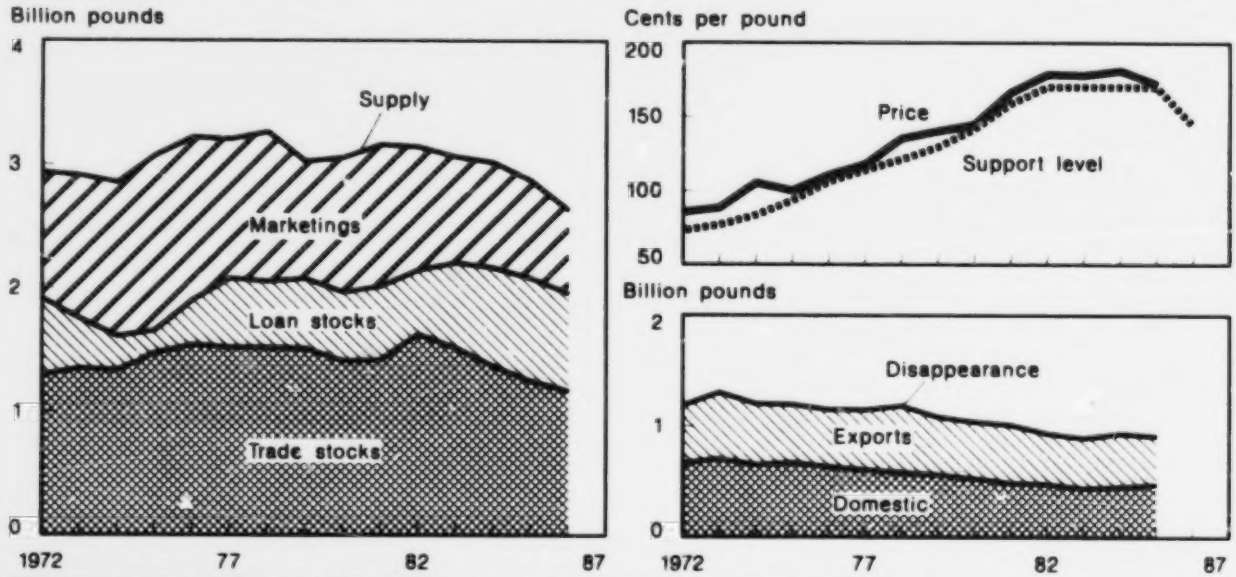
Flue-Cured Tobacco: Supply, Price, Use



1985 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning July 1. 1986 forecast.

about 675 million pounds because individual growers cannot sell more than 103 percent of their quota without being heavily penalized. Leasing is not authorized during the marketing season, so unsold tobacco will have to be carried over on farms, because Stabilization or other firms have no provisions for receiving or processing this tobacco. Lease and transfer of flue-cured quota will be terminated altogether beginning with the 1987 crop.

Disappearance Lower in 1985/86

Last year, disappearance of flue-cured tobacco totaled 912 million pounds, about 2-1/2 percent below the previous year (table 16). Domestic use rose but exports fell. The 5-percent increase in domestic disappearance reflects a greater use of domestically grown flue-cured and higher leaf use per cigarette. Even though consumption of cigarettes is expected to fall, domestic disappearance during 1986/87 may hold its own because of lower prices.

Flue-cured exports fell last year because of stagnant or reduced cigarette consumption in major importing countries together with uncertainties about U.S. prices when import commitments were made. Also, ample lower-cost supplies were available from other countries and some countries had rebuilt supplies the previous year. Among leading importers, West Germany, the Netherlands, Taiwan, and Egypt took more, while the United Kingdom, Japan, Thailand, Italy, Spain, Sweden, and Denmark took less.

For 1986, U.S. exports to most destinations may rise because prices are lower. This year's crop is of relatively good quality and 1985/86 production in both Zimbabwe and Brazil, major competitor countries, is down. In addition, recent weakening of the dollar and improved global economic activity could boost exports. However, only modest gains can be expected because of stagnant or declining cigarette consumption in major importing countries, reduced leaf use per cigarette, quotas and tariffs that discriminate against U.S. tobacco, and ample world supplies, despite lower production in some countries.

Supplies Decline

The smaller 1986 crop, together with a smaller carryover, drops flue-cured supplies for 1986/87 about 8 percent below last season. Flue-cured acreage for harvest is down 8-1/2 percent from a year ago, and the national yield is estimated 8 percent lower.

Because of dry weather, lower yields are forecast for all belts. The biggest decline is

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Table 16--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yields, marketings, carryover, supply, disappearance, season average price, and price support operations, 1976-86 (farm-sales weight)

Marketing Year 1/	Acreage harvested	Yield per acre	Marketings 2/	Beginning stocks 1/			Total supply
				Manufacturers and others	Under loan	Total	
	Thousand acres	Pounds		-- Million pounds--			
			Flue-cured, types 11-14				
1976	666.6	1,974	1,316.0	3/ 1,539.1	359.2	3/ 1,898.3	3,214.3
1977	589.3	1,917	1,124.2	1,517.6	556.9	4/ 2,075.0	3,199.2
1978	602.1	2,046	1,205.9	1,517.9	534.0	4/ 2,051.9	3,257.8
1979	502.8	1,881	945.8	1,510.8	564.0	2,074.8	3,020.6
1980	559.1	1,957	1,086.1	1,411.0	554.4	1,965.4	3,051.5
1981	540.6	2,164	1,144.3	1,416.8	595.8	2,012.6	3,156.9
1982	472.3	2,131	993.8	1,626.4	518.7	2,145.1	3,138.9
1983	409.8	2,004	854.8	1,516.3	688.4	2,204.7	3,059.5
1984	392.0	2,206	849.6	1,367.8	797.5	2,165.3	3,014.9
1985	357.1	2,241	769.4	1,247.1	833.1	2,080.2	2,869.6
1986 5/	326.8	2,065	6/ 675.0	1,167.6	790.4	1,958.0	2,633.0
			Burley, type 31				
1976	285.8	2,376	663.8	3/ 1,115.3	44.8	3/ 1,160.1	1,823.7
1977	269.6	2,298	612.5	1,162.3	54.9	4/ 1,217.2	1,829.7
1978	261.4	2,396	617.6	1,087.0	113.5	4/ 1,218.4	1,836.0
1979	238.1	1,873	445.8	1,056.3	155.4	1,211.7	1,657.5
1980	276.6	2,027	557.5	959.5	66.3	1,025.8	1,583.3
1981	331.2	2,203	725.6	1,000.2	0	1,000.2	1,725.8
1982	346.2	2,374	776.7	1,120.2	.7	1,120.9	1,897.6
1983	292.6	1,645	476.7	1,092.6	226.1	1,318.7	1,845.4
1984	315.7	2,256	674.0	967.2	377.2	1,344.4	2,018.4
1985	255.1	2,247	541.9	913.0	548.9	1,461.9	2,003.8
1986 5/	221.4	1,957	7/ 465.0	868.8	580.0	1,448.8	1,913.8

Marketing Year 1/	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	---Million pounds---			--- Cents ---		Million pounds	Percent
			Flue-cured, types 11-14				
1976	1,148.2	634.0	514.2	110.4	106.0	277.3	21.0
1977	1,147.5	808.2	339.1	117.6	113.8	195.6	17.3
1978	1,182.8	984.1	198.7	135.0	121.0	64.1	5.3
1979	1,083.2	563.2	520.0	140.0	129.3	72.0	7.4
1980	1,038.5	529.6	508.9	144.5	141.5	137.2	12.6
1981	1,011.7	488.8	522.9	166.4	158.7	105.9	9.3
1982	934.5	478.8	455.9	178.5	169.9	259.9	26.3
1983	894.2	441.7	452.5	177.9	169.9	8/ 194.8	8/ 22.9
1984	934.7	454.2	480.5	181.1	169.9	159.2	18.8
1985	911.6	476.5	435.1	171.9	9/ 169.9	132.2	16.7
1986					143.8		
			Burley, type 31				
1976	606.3	489.6	116.8	114.2	109.3	46.6	7.0
1977	611.3	494.8	116.5	120.0	117.3	57.0	.2
1978	624.3	502.8	121.4	131.2	124.7	67.7	10.8
1979	631.8	498.5	133.3	145.2	133.3	7.3	1.5
1980	583.1	477.6	105.5	165.9	145.9	.0	.0
1981	604.9	463.9	141.0	180.7	163.6	.8	.1
1982	578.9	444.1	134.8	181.0	175.1	269.2	35.0
1983	501.0	388.7	112.3	177.3	175.1	255.6	10/ 48.5
1984	556.2	402.6	153.6	187.6	175.1	201.0	28.2
1985	11/ 555.0	11/ 395.0	11/ 160.0	159.4	148.8	82.7	14.4
1986					148.8		

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ Adjusted for change in conversion factor January 1, 1977. 4/ Stocks revision January 1, 1979 report. 5/ September 1, crop estimate. Derived from State Crop Reporting Service estimates with State Funds. 6/ Estimated marketings with available quota. 1986 production combined with 1985 carryover amounts to 700 to 705 million pounds, 25 to 30 million higher than estimated marketings. 7/ Estimated marketings with available quota. 1986 production combined with 1985 carryover amounts to 485 to 490 million pounds, 20 to 25 million higher than estimated marketings. 8/ Includes 163.1 million pounds from the 1983 crop and 31.7 million from the 1982 crop held by the Stabilization Cooperative and offered for sale in the 1983 marketing year. 9/ The effective price support was administratively reduced to $1.65 per pound by reducing the support for certain grades. 10/ Percentage based on total burley marketings in 1983/84. 11/ Estimated.

Exports compiled from publications and records of the Bureau of the Census. Original data series under review.

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Table 17--U.S. exports of unmanufactured tobacco 1/ types, to principal importing countries, crop years 1983/84-1985/86 1/
declared weight

Importing country	1983/84	1984/85	1985/86
	Million pounds		
	Flue-cured, types 11-14		
United Kingdom	27.7	20.1	15.8
West Germany	32.7	41.3	46.9
Japan	64.4	67.9	66.0
Netherlands	10.2	7.1	12.2
Thailand	9.8	11.2	5.5
Australia	7.6	7.3	7.2
Italy	15.1	14.9	10.5
Sweden	5.3	7.0	5.9
Norway	3.3	2.7	2.0
Finland	4.7	3.9	2.9
Denmark	8.7	11.2	7.8
Ireland	2.9	8.7	4.7
Belgium-Luxembourg	4.5	6.0	4.6
Switzerland	3.6	16.6	3.5
Republic of Korea	0	0	2.5
Philippines	2.9	3.0	3.7
Spain	41.6	27.0	17.2
Malaysia	6.3	6.4	5.6
Taiwan	22.1	21.9	23.2
Egypt	12.1	18.7	26.1
Other countries	33.4	32.7	30.3
Total	318.9	335.6	304.1
	Burley, type 31		
Italy	11.7	9.0	9.8
Sweden	3.5	.8	1.7
Denmark	2.4	3.3	2.1
Netherlands	.6	1.4	8.5
Japan	18.6	22.8	22.3
West Germany	12.6	21.7	18.0
Switzerland	4.6	10.8	3.2
United Kingdom	.2	1.0	.1
Thailand	4.7	6.6	7.5
Philippines	2.7	5.5	6.4
Other countries	14.2	19.4	14.1
Total	75.8	102.3	93.7
	Maryland, type 32		
Belgium-Luxembourg	.2	.3	.2
West Germany	.6	2.3	1.9
Switzerland	1.1	2.3	1.8
Other countries	1.2	1.9	1.3
Total	3.1	6.8	5.2
	Ky.-Tenn. fire-cured, types 22-23		
Sweden	.9	.6	2.0
Netherlands	13.3	6.9	8.2
Belgium-Luxembourg	.2	.2	.1
France	.6	2.3	1.7
Switzerland	.6	.2	.1
Other countries	5.7	2.5	6.0
Total	18.0	12.7	18.1
	Stems, trimmings, and scrap 2/		
Sweden	2.6	3.7	3.1
Denmark	5.3	6.8	2.7
United Kingdom	5.8	4.1	3.3
West Germany	10.9	7.9	6.3
Japan	16.9	13.3	17.1
Other countries	32.6	44.7	33.0
Total	74.1	80.5	65.5

Importing country	1983/84	1984/85	1985/86 2/
	Thousand pounds		
	Va. fire & sun-cured, types 21 & 37		
Switzerland	0	54	5
Norway	997	1,471	1,158
Sweden	300	297	541
West Germany	40	318	3
Other countries	459	740	1,336
Total	1,796	2,880	3,043
	One Sucker, type 35		
Bahamas	13	22	21
Zaire	0	0	0
Other countries	12	0	80
Total	25	22	101
	Green River, type 36		
United Kingdom	6	5	0
Benin (Dahomey)	0	0	0
Zaire	0	0	0
Other countries	54	365	492
Total	60	370	492
	Cigar filler, types 41-44		
Canada	0	15	7
France	0	0	0
Other countries	282	177	189
Total	282	192	196
	Binder, types 51-55		
Dominican Republic	2	3	0
Switzerland	0	0	0
Canada	107	49	18
Other countries	59	230	143
Total	168	279	161
	Cigar wrapper, types 61-62		
United Kingdom	0	0	0
West Germany	60	131	18
Canada	14	4	10
Dominican Republic	984	1,545	2,028
Netherlands	593	181	60
Other countries	91	122	152
Total	1,742	1,983	2,268
	Black Fat		
Benin (Dahomey)	1,060	864	768
Niger	304	252	623
Nigeria	518	324	295
Togo	203	209	124
Other countries	873	1,102	968
Total	2,958	2,751	2,778

1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types except October-July for 1985-86. 2/ Subject to revision.

Details may not add to total because of rounding. Compiled from publications and records of the Bureau of the Census.

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indicated for the Old and Middle Belts of North Carolina and Virginia. Production in the flue-cured States is forecast at 675 million pounds, 16 percent below 1985. Output is down in all belts.

Table 18--U.S. flue-cured tobacco exports: Percentage stemmed form of total, 1978-86

(unstemmed equivalent basis)

Year ending June 30	Destination		
	United Kingdom	Other countries	All countries
	Percent		
1978	94.7	68.7	73.0
1979	87.6	70.7	74.6
1980	93.4	79.2	80.4
1981	95.5	85.4	86.3
1982	91.7	87.8	88.1
1983	96.9	88.5	89.1
1984	98.1	87.6	88.6
1985	99.9	90.9	91.5
1986	98.9	1/ 90.7	91.2

1/ Federal Republic of Germany was 78.5 percent.

The flue-cured carryover on July 1, 1986, totaled 1.96 million pounds, 6 percent below a year earlier. The supply- indicated marketings plus carryover--is about 2.85 times prospective use. This is above the desired supply of about 2.4 years, but represents the closest supply and demand balance in several years. In addition, marketings this year will likely fall considerably short of use, so the carryover next July 1 will decline further.

The reduced stocks-use ratio together with favorable prices and smaller production are increasing the proportion of the crop purchased by domestic manufacturers this auction season. Furthermore, because of discount prices, buyer incentive programs, and the loan stock buyout prescribed in the "Reconciliation Act," loan stocks have been reduced. By September 1, uncommitted loan stocks of 1976-85 flue-cured tobacco--a component of carryover and supply estimates--were reported at 608 million pounds, down 171 million from a year ago. With the small loan volume from this year's crop and increased sales of old stocks, unsold loan stocks by January 1, 1987, will decline from the 746 million pounds of last January 1.

Table 19--Flue-cured tobacco: Effective farm quotas, designations, and marketings, 1984-86 1/

Type and State or marketing area	Effective farm quotas		Initial designation 3/		Final designation		Marketings	
	1986 2/	Change from 1985	1985	1986	1984	1985	1984 4/	1985 4/
	Mil lbs.	Percent	Million pounds					
11-Virginia (E)	63	-1	79	67	97	76	93	78
11-North Carolina (D,E)	169	-8	129	107	156	129	177	158
Total 11	232	-7	208	174	253	205	270	236
12-North Carolina (C)	230	-10	325	269	361	331	297	283
13-North Carolina (B)	62	-9	86	63	90	81	82	77
13-South Carolina (B)	86	-7	89	80	103	96	97	93
Total 13	148	-8	175	143	193	177	179	170
14-Alabama	1	-						
14-Florida (A)	15	-7	16	15	18	16	18	16
14-Georgia (A)	74	-3	86	73	93	89	85	83
Total 14	89	-4	102	88	112	105	104	99
Grand total, flue-cured 1/	699	-8	810	674	920	818	850	786

1/ Data may not add to totals due to rounding. 2/ Growers were allowed to designate 110 percent of their effective quotas in 1985 and 103 percent in 1986. 3/ Computed from unrounded data. 4/ Includes carryover from previous years' crop.

Compiled from reports from Tobacco Division, Agricultural Marketing Service; and Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

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BURLEY

Burley tobacco (type 31) goes chiefly for cigarettes. In the marketing year ending September 30, about two-thirds is going for U.S. cigarettes, while exports will take more than one-fourth and other products will use the rest. Domestic use is down, but exports are up this season.

Disappearance About the Same

Domestic use of burley tobacco for the year ending September 30, will likely decline from the 403 million pounds used in 1984/85 (table 16). With larger exports, total disappearance is expected to about equal last year's 556 million pounds. Carryover will fall only about 1 percent despite a 20-percent reduction in marketings.

Disappearance during the first 9 months of the marketing year was 441 million pounds, down slightly from a year earlier. Domestic use totaled 305 million pounds, down 5 million. Cigarette output declined 1 percent during that period.

For the first 10 months, burley exports totaled 140 million pounds, 2 percent above a year earlier. Italy, Sweden, the Netherlands, Thailand, and the Philippines took more, but Denmark, Japan, West Germany, and Switzerland took less.

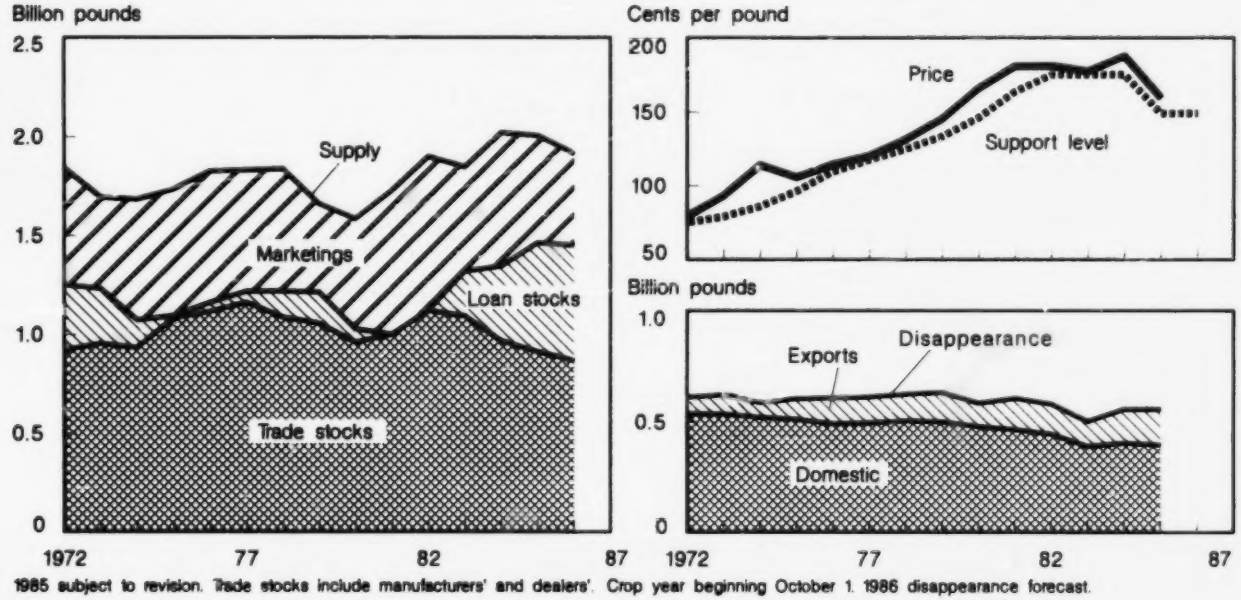
World burley production fell 10 percent last year, mainly because of the large decline in U.S. production. Production outside the

Table 20-Burley marketing quota, Kentucky, Tennessee, other States, 1984-86

State	Carryover (net)	Basic quota	Effective quota
	Million pounds		
1984			
Kentucky	70.9	389.1	460.0
Tennessee	26.3	106.7	133.0
Other States	16.7	86.0	104.0
1985			
Kentucky	-2.6	350.7	348.1
Tennessee	11.6	96.1	107.7
Other States	8.3	77.6	85.9
1986			
Kentucky	-18.3	329.9	311.6
Tennessee	7.3	90.4	97.7
Other States	6.0	72.9	78.9

Compiled from records and reports of Price Support and Loan Division, ASCS.

Burley Tobacco: Supply, Price, Use



1985 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning October 1. 1986 disappearance forecast.

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United States fell only 2 percent, as declines in Brazil, Spain, South Korea, the Philippines, Thailand, and Italy more than offset increases in Malawi, Greece, and Mexico. This year, world production is expected to fall 11 percent, but foreign production may fall only 2 percent. Brazil, Malawi, and Italy are expected to produce smaller crops, but Mexico and South Korea may produce larger crops.

Supplies To Decline Because of Smaller Crop

As of September 1, State estimates of the 1986 U.S. burley crop totaled 433 million pounds, 24 percent below the 1985 crop. This season, the effective quota is smaller, and acreage is down. Rainfall in July and early August was short in much of the burley belt, although some areas had adequate rain.

With a large reduction in output, the burley supply for 1986/87 is about 4-1/2 percent smaller than last year. The prospective supply is about 3.4 times probable disappearance and is much above the ratio of supply representing about 2.6 years' disappearance, which is considered desirable.

U.S. auction sales usually begin in late November. The 1985 crop sold for $1.59 a pound, about 28 cents lower than the year before. Price supports for 1986 will average $1.488 a pound, the same as the 1985 level (1985 price supports were reduced 30 cents a pound from the previously established level and 26 cents from a year earlier under legislation signed into law on November 15). No-net-cost grower assessment fees for 1986/87 have been set at 2-3/4 cents per pound. Producers contributed 4 cents a pound to the no-net-cost account for all marketings in 1985/86, down 5 cents from 1984/85 when price support levels were higher. For 1986/87, USDA will provide official grading for burley tied in hands, for untied burley packed straight in bales, and for tobacco placed in sheets and offered for sale at auctions.

Table 21--Burley tobacco: Percentage of selected groups, quality, and color categories of total, 1976-85

Crop year	Mixed group	1, 2, 3, quality	Tan color
		Percent	
1976	14.7	45.8	55.8
1977	13.2	31.8	42.1
1978	9.1	37.7	49.5
1979	11.4	33.1	50.9
1980	20.0	26.6	55.3
1981	29.1	24.4	48.2
1982	20.2	22.4	46.0
1983	6.7	13.3	37.4
1984	2.7	38.0	40.5
1985	2.5	37.9	40.1

Compiled from reports of Tobacco Division, AMS.

USDA Sells 71 Million Pounds of Burley Tobacco

Under provisions of the "Reconciliation Act," the Commodity Credit Corporation (CCC) acquired 212 million pounds (dry weight) of 1983-crop burley tobacco loan stocks when the loans were called on May 7, 1986. In June, CCC invited bids for purchases and at the end of July sold 71 million pounds of that crop to successful bidders for $44.2 million.

The sale consisted of 53.7 million pounds of strips and 17.2 million pounds of stems.

Table 22--Tobacco loan stocks, 1984-86 (Farm-sales weight)

Type	End of August		
	1984	1985	1986 1/
	Million pounds		
Flue-cured, 11-14	802.5	854.5	793.1
Burley, 31	447.7	570.9	640.5
Virginia, 21	2.3	3.6	1.0
Kentucky-Tennessee, 22-23	4.2	11.5	20.6
Kentucky-Tennessee, 35-36	10.1	16.1	19.8
Ohio, 42-44	2.6	2.8	2.8
Puerto Rican, 46	5.9	6.2	5.4
Connecticut Valley, 51-52	3.6	3.6	3.4
Wisconsin, 54	2.1	2.0	.4
Wisconsin, 55	6.9	7.1	8.4
Total	1,287.9	1,478.3	1,495.4
Uncommitted			
Flue-cured, 11-14	744.5	779.2	2/ 607.6
Burley, 31	376.0	570.9	3/ 503.0

1/ July 31. 2/ August 31. 3/ September 5. Includes about 170 million pounds of 1983 CCC owned tobacco.

Compiled from records of Producer Association Division, ASCS.

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Strips sold for an average of 78 cents a pound and stems averaged 13 cents a pound.

SOUTHERN MARYLAND

Southern Maryland tobacco (type 32), a light air-cured tobacco, goes almost entirely into cigarette production. From one-fourth to one-third of the crop is exported.

Disappearance of Maryland tobacco during October 1985-June 1986 totaled 29 million pounds--5 million below a year earlier. Domestic use declined but exports rose. Prices for the 1985 crop were lower because quality was lower and supplies of Maryland and competing burley tobacco are large. By next January 1, carryover will decline a little from this year's 42 million pounds.

Exports of Maryland tobacco were up 5 percent during the first 10 months of this marketing year, to 6.9 million pounds. Sales to Switzerland, usually the major destination, were about unchanged. West Germany emerged as the top customer, as purchases rose 55 percent to 1.9 million pounds. Sales to Belgium and Italy declined.

The crop is estimated at 29 million pounds, 4 million below 1985. Production in both Maryland and Pennsylvania is expected to decline. With the smaller crop, the supply will decline about 6 million pounds.

The 1981 farm act provides prohibitive penalties for growing and marketing Maryland tobacco in quota areas. However, quotas are not applicable to Pennsylvania seedleaf tobacco, so with that type's low prices, some growers have changed to Maryland production.

FIRE-CURED

Fire-cured tobacco is used for making snuff, plug and twist chewing tobacco, cigars, and smoking tobacco. More than half the crop is usually exported. Prices and production have varied widely over the last 10 years.

Disappearance of fire-cured tobacco (types 21-23) during the first 9 months of the 1985/86 marketing year (beginning October 1, 1985) was 33 million pounds, 5 million above a year earlier. Exports were up but domestic disappearance was down despite about 2-1/2 million pounds of Virginia type 21 that were lost because of flood damage. During October

Table 23--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1977-86 (farm-sales weight)

Marketing Year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Stocks following Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds	------Million pounds------						Cents
1977 2/	25.0	1,230	30.8	45.3	76.1	29.0	19.6	9.4	115.1
1978 2/	24.0	1,275	30.6	41.9	72.5	31.1	21.1	10.1	123.1
1979 2/	19.5	1,130	22.0	41.3	63.4	33.6	23.6	10.0	139.7
1980 2/	24.0	1,091	26.2	32.6	58.8	27.3	18.6	8.7	167.9
1981 2/	36.2	1,281	46.4	37.0	83.4	36.0	27.9	8.1	157.3
1982 2/	29.3	1,433	42.0	40.7	82.7	38.9	26.0	12.9	148.0
1983 2/	31.3	1,196	37.4	3/ 40.6	78.0	33.8	29.7	4.1	106.9
1984 2/	27.3	1,396	38.1	3/ 41.3	79.4	37.7	28.7	9.0	132.0
1985 2/	23.5	1,400	32.9	3/ 42.2	75.1	4/ 35.0	4/ 25.5	4/ 9.5	129.2
1986 5/	21.4	1,360	29.1	3/ 40.1	69.2				

1/ Year beginning October 1. 2/ Includes sales and certification. 3/ Adjusted to reflect calendar 1983-1986 sales of tobacco produced in Pennsylvania. 4/ Estimated. 5/ Estimated carryover; September 1, crop estimate. Economic Research Service estimates derived from Crop Reporting Service Maryland and Pennsylvania State estimates.

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Table 24--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1977-86
(farm-sales weight)

Mkt. yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks: Mfrs. & other	Beginning stocks: Under loan	Beginning stocks: Total	Total supply
	Thousand acres	Pounds		Million pounds			
			Kentucky-Tennessee fire-cured, types 22-23				
1977	25.6	1,767	45.2	41.2	1/	41.2	86.4
1978	27.1	1,898	51.4	50.0	1.0	51.0	102.4
1979	22.1	1,791	39.6	54.0	11.1	65.1	104.7
1980	19.4	1,680	32.6	48.9	19.1	68.0	100.6
1981	20.6	1,578	32.4	48.4	14.7	63.1	95.5
1982	23.5	2,030	47.7	54.5	8.0	62.5	110.2
1983	21.5	1,511	32.5	62.3	6.4	68.7	101.2
1984	23.7	2,133	50.5	60.4	3.8	64.2	114.7
1985	21.5	2,134	45.9	74.2	10.1	84.3	130.2
1986 2/	19.1	1,775	33.9			99.2	133.1
			Virginia fire-cured, type 21				
1977	7.2	1,000	7.2	7.0	1/	6.7	13.9
1978	6.1	1,120	6.8	7.9	.8	8.7	15.5
1979	4.8	1,135	5.4	8.2	2.7	10.9	16.3
1980	3.9	935	3.6	6.0	3.3	9.3	12.9
1981	4.1	1,265	5.2	5.7	2.6	8.3	13.5
1982	4.8	1,150	5.5	6.7	2.3	9.0	14.5
1983	4.7	985	4.6	7.9	2.4	10.3	14.9
1984	4.6	1,325	6.1	5.6	2.4	8.0	14.1
1985	3.6	1,245	4.5	6.9	3.1	10.0	14.5
1986 2/	2.9	1,000	2.9			6.9	9.8

Mkt. yr. begin. Oct. 1	Disappearance: Total	Disappearance: Domestic	Disappearance: Exports	Aver. price per lb.	Price support level	Placed under loan: Quantity	Placed under loan: % of crop
	Million pounds			Cents		Million pounds	Percent
			Kentucky-Tennessee fire-cured, types 22-23				
1977	35.4	17.4	18.0	132.3	79.5	1.1	2.4
1978	37.3	15.1	22.2	112.5	84.6	11.3	22.2
1979	36.7	18.0	18.7	115.2	90.3	11.4	28.8
1980	37.5	19.7	17.8	121.9	98.9	2.1	6.4
1981	33.0	14.5	18.5	161.1	111.0	1.1	2.8
1982	41.5	20.9	20.6	156.0	123.0	4.4	9.2
1983	37.0	16.4	20.6	181.7	123.0	2.0	6.0
1984	30.4	15.7	14.7	155.4	123.0	7.6	15.0
1985	3/ 31.0	3/ 13.5	3/ 17.5	149.2	123.0	9.6	20.9
1986					4/ 124.2		
			Virginia fire-cured, type 21				
1977	5.2	2.8	2.4	96.2	79.5	1.0	14.4
1978	4.6	1.0	3.6	94.5	84.6	1.8	26.2
1979	7.0	3.2	3.8	107.9	90.3	.9	16.3
1980	4.6	2.6	2.0	128.1	98.9	.3	7.2
1981	4.5	1.8	2.7	131.7	111.0	.3	5.9
1982	4.2	2.7	1.5	117.6	118.8	.4	8.1
1983	6.9	4.8	2.1	126.8	118.8	.4	8.6
1984	4.1	1.1	3.0	117.8	118.8	1.1	18.4
1985	3/ 7.6	3/ 3.4	3/ 4.2	124.0	118.8	.7	16.7
1986					4/120.0		

1/ Less than 50,000 pounds. 2/ Estimated, carryover; September 1, crop estimate. Economic Research Service estimates based on Crop Reporting Service state estimates by type within States with State funds when available. 3/ Estimated. 1985/86 Virginia fire-cured disappearance includes about 2-1/2 million pounds lost in a flood. 4/ Proposed.

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1985–June 1986, output of snuff--the major domestic use of fire-cured--declined.

Estimated disappearance for the year is 38-1/2 million pounds, 4 million above last season but far below output. The carryover will probably increase about 12 million pounds from last year (table 24).

Compared with last year, exports of fire-cured tobacco are up substantially. Exports of 14.9 million pounds of Kentucky-Tennessee types during the first 10 months were about 2.6 million higher than a year earlier. In addition, Virginia fire-cured exports, at 3.6 million, were 1.1 million higher.

Based on State estimates, 1986 fire-cured production is expected to total about 37 million pounds, 27 percent below last year's crop due to reduced acreage and yields. Total supplies are expected to decline from this year's 145 million pounds, which are about 3.8 times 1985/86's estimated disappearance.

DARK AIR-CURED

Dark air-cured tobacco (types 35-37) is used in plug and twist chewing tobacco, snuff, and to some extent for smoking tobacco and cigars. Production and use have declined by more than half over the last two decades. Exports normally account for about one-sixth of annual disappearance.

Use Down

Disappearance of dark air-cured tobacco during the first 9 months was 9.8 million pounds, about 0.6 million less than a year earlier. Exports rose and domestic use declined because of reduced output of chewing and smoking tobacco. Even with a smaller crop, last season's prices declined a little from 1984/85.

For the year, total disappearance may decline from last year's 14-1/2 million pounds. This would result in a carryover of about 51 million pounds, about 1.7 million above last October (table 25).

Supplies To Decline

Based on State estimates, this year's dark air-cured crop may total 10.8 million pounds, 31 percent below last year. Anticipated yields are lower, and acreage is estimated to be 20 percent smaller. Even with the much smaller crop, the larger carryover means 1986/87 supplies will decline only about 3 million pounds from last year's 64-1/2 million. Supplies represent about 4.3 times the past season's use--considerably higher than desirable.

CIGAR TOBACCO

Cigar leaf tobaccos (types 41-62) are classified according to their traditional use--filler, binder, and wrapper. However, loose leaf chewing tobacco now takes most of the filler and binder. Most cigar wrapper is exported, but exports of binder and filler are negligible.

U.S. cigar leaf output rose last year after declining 3 consecutive years, but will likely decline this year.

Imports of cigar scrap and wrapper declined. The Philippines and countries in Central and South America are the chief foreign suppliers of cigar tobacco. About 96 million pounds of leaf are used annually for cigars and loose leaf chewing tobacco. Imports account for nearly 60 percent of the tobacco in these products.

Filler Disappearance

For the first 9 months of 1985/86 (October-June), disappearance of U.S. cigar filler tobacco (types 41-46) was 14.7 million pounds, 2.8 million below a year earlier. Over the same period, production of both loose leaf chewing and cigars declined. For 1985/86, filler disappearance will likely decline about 2-1/2 million pounds from a year earlier (table 26).

During October 1985-June 1986, U.S. manufacturers used 42 million pounds of foreign cigar tobacco, 11 million below a year earlier. U.S. stocks of foreign-grown cigar leaf on July 1 totaled 86 million pounds, about the same as a year earlier.

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Table 25--Dark air-cured tobacco, types 35-36, and sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1977-86 (farm-sales weight)

Marketing yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks			Total supply
				Mfrs. & other	Under loan	Total	
	Thousand acres	Pounds	- - - -Million pounds- - - -				
			Dark air-cured, types 35-36				
1977	11.2	1,809	20.4	26.1	—	26.1	46.5
1978	11.2	1,969	22.2	30.4	1/	30.4	52.6
1979	9.7	1,665	16.1	30.0	4.1	34.1	50.2
1980	9.3	1,745	16.2	28.6	5.6	34.2	50.4
1981	9.7	1,614	15.7	29.6	6.8	36.4	52.1
1982	10.2	1,951	19.9	29.8	8.1	37.9	57.8
1983	8.7	1,643	14.3	29.2	13.1	42.3	56.6
1984	8.8	2,157	19.0	33.2	9.5	42.7	61.7
1985	7.5	2,025	15.2	32.8	15.0	47.8	63.0
1986 2/	6.0	1,783	10.7			50.0	60.7
			Sun-cured, type 37				
1977	.8	1,030	.8	1.8	0	1.8	2.6
1978	.7	1,205	.9	1.8	0	1.8	2.7
1979	.5	1,055	.6	2.2	0	2.2	2.8
1980	.4	1,010	.4	2.0	0	2.0	2.4
1981	.5	1,320	.7	1.6	0	1.6	2.3
1982	.6	1,290	.7	1.6	0	1.6	2.3
1983	.5	780	.4	1.5	0	1.5	1.9
1984	.4	1,340	.6	1.4	0	1.4	2.0
1985	.2	1,150	.2	1.1	.3	1.4	1.6
1986 2/	.1	1,000	.1			.9	1.0

Marketing yr. begin. Oct. 1	Disappearance			Aver. price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percent of crop
	- - - Million pounds - - -			Cents		Million pounds	Percent
				Dark air-cured, types 35-36			
1977	16.1	13.6	2.4	117.7	70.7	1/	—
1978	18.4	15.7	2.7	99.1	75.2	4.3	19.7
1979	16.0	14.2	1.8	111.7	80.4	2.2	13.7
1980	14.0	12.0	2.0	126.5	88.0	1.4	8.6
1981	14.2	12.3	1.9	133.0	98.7	1.5	9.6
1982	15.5	14.6	.9	122.9	105.7	5.7	28.8
1983	13.9	11.7	2.2	151.3	105.7	1.3	8.6
1984	13.9	11.5	2.4	127.9	105.7	6.1	32.2
1985	3/ 13.0	3/ 10.2	3/ 2.8	126.3	104.7	4.7	30.7
1986					4/105.8		
				Sun-cured, type 37			
1977	.8	.6	.1	100.0	70.7	5/ 13	1.6
1978	.5	.3	.2	88.8	75.2	5/ 109	12.4
1979	.8	.6	.2	90.8	80.4	5/ 30	5.2
1980	.8	.7	.1	127.1	88.0	5/ 2	.5
1981	.7	.6	.1	131.7	98.7	5/ 4	.7
1982	.8	.7	.1	106.4	109.4	5/ 69	9.4
1983	.5	.4	.1	132.5	109.4	5/ 1	.3
1984	.6	.4	.2	94.3	109.4	5/ 262	44.4
1985	3/ .7	3/ .5	3/ .2	100.0	109.4	5/ 53	23.0
1986					4/ 110.5		

1/ Less than 50,000 pounds. 2/ Estimated; September 1, crop estimate. Economic Research Service estimates based on Crop Reporting Service State estimates and estimates by type within State with State funds when available. 3/ Estimated. 4/ Proposed. 5/ Quantity placed under loan in thousands of pounds.

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Table 26--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1977-86 (farm-sales weight)

Crop Year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
Pennsylvania seedleaf filler (type 41)									
1977	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.2	60.0
1978	13.0	1,940	25.2	54.1	79.3	23.6	23.5	.1	62.0
1979	11.2	1,580	17.7	55.7	73.4	24.3	24.0	.3	72.0
1980	13.0	1,900	24.7	49.1	73.8	21.7	21.4	.3	87.0
1981	13.3	2,050	27.3	52.1	79.4	27.1	26.9	.2	80.0
1982	10.7	2,000	21.4	52.3	73.7	19.6	19.2	.4	75.0
1983	7.7	1,850	14.2	54.1	68.3	20.3	20.0	.3	83.0
1984	7.7	1,900	14.6	48.0	62.6	20.1	19.9	.2	90.0
1985 2/	8.0	1,950	15.6	42.5	58.1	17.0	16.7	.3	71.0
1986 3/	7.6	1,908	14.5	40.1	54.6				
Ohio, Miami, Valley filler (types 42-44)									
1977	1.8	2,025	3.6	6.0	9.6	2.6	2.6	--	62.0
1978	1.6	1,850	3.0	7.0	10.0	3.7	3.7	--	64.0
1979	1.3	1,500	2.0	6.3	8.3	4.5	4.5	--	87.0
1980	1.4	1,700	2.4	3.8	6.2	4.1	4.1	--	107.0
1981	1.7	1,440	2.5	4.0	6.5	2.1	2.1	--	105.0
1982	1.8	1,950	3.5	4.4	7.9	2.0	2.0	--	90.0
1983	1.4	1,370	1.9	5.9	7.8	1.9	1.9	--	75.0
1984	1.1	2,000	2.2	5.9	7.9	1.9	1.9	--	90.0
1985 2/	.8	2,050	1.7	6.2	7.9	1.9	1.9	--	87.0
1986 3/	.5	1,900	1.0	6.0	7.0				
Puerto Rico filler (type 46) 3/									
1977	2.6	1,480	3.9	6.4	10.3	3.9	3.9	--	60.2
1978	2.2	1,400	3.1	6.4	9.5	2.6	2.6	--	57.0
1979	2.0	1,000	2.0	6.9	8.9	.8	.8	--	69.1
1980	1.1	1,380	1.5	8.1	9.6	1.6	1.6	--	73.5
1981	.6	1,000	.6	8.0	8.6	1.3	1.3	--	86.0
1982	.3	1,000	.3	7.3	7.6	.8	.8	--	91.0
1983	.8	1,000	.8	6.8	7.6	1.5	1.5	--	91.0
1984	.6	1,000	.6	6.1	6.7	.3	.3	--	74.0
1985 2/	.4	1,000	.4	6.4	6.8	1.2	1.2	--	74.0
1986 3/	.2	1,000	.2	5.6	5.8				
Total cigar filler (types 41-46)									
1977	17.9	1,883	33.7	62.1	95.8	28.3	27.0	.3	60.2
1978	16.8	1,863	31.3	67.5	98.8	29.9	29.8	.1	61.5
1979	14.5	1,475	21.7	68.9	90.6	29.6	29.3	.3	73.1
1980	15.5	1,845	28.6	61.0	89.6	27.5	27.0	.5	87.5
1981	15.6	1,949	30.4	64.1	94.5	30.5	30.3	.2	82.1
1982	12.8	1,969	25.2	64.0	89.2	22.4	22.0	.4	75.6
1983	9.9	1,707	16.9	66.8	83.7	23.7	23.4	.3	82.4
1984	9.4	1,907	17.4	60.0	77.4	22.3	22.1	.2	90.0
1985 2/	9.2	1,924	17.7	55.1	72.8	20.1	19.8	.3	72.3
1986 3/	8.3	1,892	15.7	52.7	68.4				
Connecticut Valley binder (types 51-52)									
1977	1.4	1,784	2.5	4.3	6.8	1.9	1.9	*	121.3
1978	1.5	1,734	2.6	4.9	7.5	2.1	2.0	.1	144.9
1979	1.5	1,637	2.4	5.5	7.9	2.2	2.0	.2	161.5
1980	1.5	1,750	2.6	5.7	8.3	2.2	2.0	.2	178.8
1981	1.7	1,998	3.5	6.1	9.6	2.5	2.4	.1	182.1
1982	2.1	1,660	3.5	7.1	10.6	3.3	3.1	.2	180.9
1983	1.4	1,793	2.5	7.3	9.8	3.2	3.0	.2	155.7
1984	1.1	1,794	1.9	6.7	8.6	2.7	2.4	.3	167.6
1985 2/	1.1	1,819	2.1	5.9	8.0	2.0	1.7	.3	177.5
1986 3/	1.1	1,789	2.0	6.0	8.0				
Southern Wisconsin binder (type 54)									
1977	6.2	2,020	12.5	23.8	36.3	10.2	10.2	--	84.6
1978	6.2	1,800	11.2	26.0	37.2	11.4	11.4	--	100.5
1979	6.3	2,080	13.1	25.8	38.9	--	--	--	117.0
1980	6.3	2,110	13.3	5/	--	--	--	--	125.0
1981	6.4	2,150	13.8	5/	--	--	--	--	113.0
1982	5.1	2,110	10.8	5/	--	--	--	--	106.0
1983	4.4	2,080	9.2	5/	--	--	--	--	110.0
1984	3.9	2,105	8.2	5/	--	--	--	--	111.0
1985 2/	3.9	2,435	9.5	5/	--	--	--	--	103.0
1986 3/	3.3	2,394	7.9	5/					

See footnotes at end of table.

Continued

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Table 26--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1977-86 (farm-sales weight) -continued

Crop year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
Northern Wisconsin binder (type 55)									
1977	5.8	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978	5.9	1,550	9.1	19.1	28.2	8.9	8.9	.1	100.5
1979	6.6	1,810	11.9	19.3	31.2	--	--	*	117.0
1980	6.6	1,920	12.7	5/	--	--	--	--	125.0
1981	7.3	1,725	12.6	5/	--	--	--	--	108.0
1982	5.0	1,875	9.4	5/	--	--	--	--	101.0
1983	4.2	1,795	7.5	5/	--	--	--	--	109.0
1984	4.2	1,950	8.2	5/	--	--	--	--	110.0
1985 2/	4.3	1,875	8.1	5/	--	-	-	-	103.0
1986 3/	3.4	2,000	6.8	5/					
Total Wisconsin binder (types 54-55)									
1977	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978	12.1	1,678	20.3	45.1	65.4	20.1	20.1	*	100.5
1979	12.9	1,942	25.0	45.3	70.3	21.4	21.4	*	117.0
1980	12.9	2,013	26.0	48.9	74.9	21.3	21.3	*	125.0
1981	13.7	1,924	26.4	53.6	80.0	20.0	20.0	*	110.6
1982	10.1	1,994	20.1	60.0	80.1	19.8	19.8	*	103.7
1983	8.6	1,941	16.7	60.3	77.0	18.5	18.5	*	109.6
1984	8.1	2,025	16.4	58.5	74.9	17.5	17.5	*	110.5
1985 2/	8.2	2,141	17.6	57.4	75.0	18.0	18.0	*	103.0
1986 3/	6.7	2,200	14.7	57.0	71.7				
Total Cigar binder (types 51-55)									
1977	13.4	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978	13.6	1,684	22.9	50.0	72.9	22.2	22.2	.1	105.6
1979	14.4	1,911	27.5	50.8	78.3	23.6	23.4	.2	120.9
1980	14.4	1,985	28.6	54.6	83.2	23.5	23.3	.2	129.9
1981	15.4	1,932	29.8	59.7	89.5	22.5	22.4	.1	118.9
1982	12.2	1,939	23.6	67.1	90.7	23.1	22.9	.2	115.2
1983	10.0	1,920	19.2	67.6	86.8	21.6	21.4	.2	115.5
1984	9.2	1,998	18.3	65.2	83.5	20.2	19.9	.3	116.4
1985 2/	9.3	2,102	19.6	63.3	82.9	20.0	19.7	.3	110.8
1986 3/	7.8	2,141	16.7	62.9	79.6				
Connecticut Valley shade-grown (type 61)									
1977	3.3	1,544	5.1	8.9	14.0	4.7	.5	4.2	600.0
1978	2.7	1,592	3.8	9.3	13.1	5.0	.1	4.9	750.0
1979	2.7	1,472	4.0	8.1	12.1	5.4	.5	4.9	850.0
1980	3.0	1,513	4.5	6.8	11.3	5.9	2.3	3.6	980.0
1981	2.6	1,592	4.1	5.3	9.4	4.5	2.9	1.6	1000.0
1982	1.1	1,421	1.6	4.9	6.5	3.2	2.2	1.0	1250.0
1983	1.0	1,706	1.7	3.3	5.0	1.3	.4	.9	1100.0
1984	1.2	1,414	1.7	3.7	5.4	2.7	.5	2.2	1250.0
1985 2/	1.4	1,501	2.1	2.7	4.8	2.2	.2	2.0	1265.0
1986 3/	1.3	1,400	1.9	2.6	4.5				
Total shade-grown (types 61-62) 6/									
1977	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978	2.7	1,592	3.8	12.7	16.5	6.3	1.0	5.3	750.0
1979	2.7	1,472	4.0	10.2	14.2	6.5	1.1	5.4	850.0
1980	3.0	1,513	4.5	7.8	12.3	6.1	2.2	3.9	980.0
1981	2.6	1,592	4.1	6.2	10.2	5.0	3.4	1.6	1000.0
1982	1.1	1,421	1.6	5.2	6.8	3.4	2.4	1.0	1250.0
1983	1.0	1,706	1.7	3.4	5.1	1.4	.4	1.0	1100.0
1984	1.2	1,414	1.7	3.7	5.4	2.7	.5	2.2	1250.0
1985 2/	1.4	1,501	2.1	2.7	4.8	2.2	.2	2.0	1265.0
1986 3/	1.3	1,400	1.9	2.6	4.5				
Grand total cigar tobacco (types 41-62)									
1977	34.7	1,900	65.9	119.5	185.4	55.2	50.0	5.2	114.9
1978	35.1	1,752	58.0	130.1	188.2	58.6	53.2	5.5	122.1
1979	31.6	1,684	52.2	129.9	183.1	59.7	53.8	5.9	156.4
1980	32.9	1,875	61.7	123.4	185.1	57.1	52.5	4.6	175.3
1981	33.6	1,914	64.3	130.0	194.3	58.0	56.1	1.9	158.3
1982	26.1	1,931	50.4	136.3	186.7	48.9	47.3	1.6	131.2
1983	20.9	1,804	37.8	137.8	175.6	46.7	45.2	1.5	145.7
1984	19.8	1,889	37.4	128.9	166.3	45.2	42.5	2.7	156.1
1985 2/	19.9	1,980	39.4	121.1	160.5	42.3	39.7	2.6	153.1
1986 3/	17.4	1,971	34.3	118.2	152.5				

1/ October 1 for types 41-55; July 1 for types 61-62. 2/ Estimated disappearance. 3/ Estimated carryover September 1, crop estimate. Economic Research Service estimates based on Crop Reporting Service State estimates and estimates by type within States with State funds when available. 4/ Puerto Rican planting occurs late in calendar year. Price per pound excludes payment by Puerto Rican Government. 5/ Not available. 6/ Includes Georgia-Florida shade-grown, type 62, which has not been grown since 1978. All remaining stocks of type 62 was used in 1984/85. See TS-176 for annual supply and disappearance. *Less than 50,000 pounds.

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Cigar Binder Disappearance May Change Little

Cigar binder disappearance during the first 9 months was 17.2 million pounds, about 0.7 million more than a year earlier. For Wisconsin tobacco, loose leaf chewing remains the major outlet. Output over the first 9 months was down about 1/2 percent from a year earlier.

Disappearance of Connecticut Valley binder for 1985/86 is expected to decline. The carryover likely will total about 6 million pounds, 0.1 million above a year earlier. With reduced demand for cigars expected next year, a further small stock increase is in prospect.

Disappearance of Wisconsin tobacco may rise a little from 1984/85. Disappearance will likely exceed last year's production, so carryover stocks could decline from last year's 57-1/2 million pounds.

Cigar Wrapper Disappearance Down

Disappearance of shade-grown cigar wrapper (types 61-62) in the year ending June 30 declined to 2.2 million pounds, 0.5 million below a year earlier. Use remains considerably below that of 4 to 5 years ago because some manufacturers have shifted to homogenized leaf. Production in the Connecticut Valley has ranged from 1.6 to 2.1 million pounds the last 5 years, less than one-half that of the previous 5 years. Much of the Connecticut Valley crop goes overseas for processing, either to foreign buyers or to U.S. subsidiaries in the Dominican Republic.

U.S. and Puerto Rican Supplies Down

Supplies of U.S. and Puerto Rican cigar tobacco will fall from 1985/86. Both the prospective crop and the carryover will decline. Filler, binder, and wrapper supplies are all down. By early September, unsold loan stocks were 19.3 million pounds, packed weight, about 6.9 million more than a year earlier.

Filler: As of September 1, State tobacco estimates indicated the Pennsylvania filler crop was 14.5 million pounds, about 1.1 million below 1985. The new crop plus carryover will provide a supply that is about 3-1/2 million pounds lower than last season.

Output of Ohio filler is sharply lower. As of September 1, State estimates indicated the Ohio filler crop was 950,000 pounds, about 0.7 million below last season's outturn. Production and carryover will provide a total 1986/87 supply that is about 900,000 pounds lower than a year ago.

The carryover of Puerto Rican filler may decline from October 1, 1985. In August, the Puerto Rican Government announced a quota of 250,000 pounds for 1986/87. Supplies this

Table 27--Cigar leaf tobacco price support operations, 1982-86
(Farm-sales weight)

Type	Placed under Government loan, crop years				Remaining under loan, end of August				
	1982	1983	1984	1985	1982	1983	1984	1985	1986 1/
	Million pounds								
Ohio, 42-44	1.4	0.9	0.6	2/	0.2	1.7	2.6	2.8	2.8
Puerto Rican, 46	0.3	0.8	0.6	0.6	7.0	6.1	5.9	6.2	5.4
Conn. Valley, 51-52	.9	1.1	3/	3/	2.1	2.8	3.6	3.6	3.4
Southern Wis., 54	.7	2/	2/	2/	1.2	2.1	2.1	2.0	.4
Northern Wis., 55	3.4	.1	.2	4.6	4.2	6.7	6.9	7.1	8.4
Total	6.7	2.9	1.4	5.2	14.7	19.4	21.1	21.7	20.4

1/ July 31. 2/ Negligible. 3/ Not under Government program.

Compiled from records of the Producer Associations Division, ASCS.

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season may fall from last season's 6.8 million pounds.

Binder: Cigar binder acreage in the Connecticut Valley is about the same but the yield is likely lower. As of September 1, State estimates indicated production was 2 million pounds, which is lower than last year. But, with a little higher carryover, supplies will remain about the same.

The acreage of Wisconsin binder is considerably lower this year. Even with higher yields, production is indicated at 14.7 million pounds, down about 3 million. Carryover may decline because use is expected to exceed 1985's output. Therefore, supplies will drop in 1986/87.

Wrapper: There is no production of Georgia-Florida wrapper, but the indicated acreage of Connecticut Valley wrapper is down from 1985. Production may total 1.9 million pounds, and combined with a reduced carryover, the supply will likely fall to about 4-1/2 million pounds.

Table 28--Cigarettes: Estimated world output and exports, specified countries, average 1976-80 annual 1982-85 1/

Country	Average 1976-80	1982	1983	1984	1985	% change 1984-85
			Billions			Percent
			Production			
China	630.6	942.5	968.6	1,066.0	1180.0	+11
United States	694.8	694.2	667.0	668.8	665.3	-1
United Kingdom	155.5	144.6	141.9	130.5	124.0	+5
West Germany	149.6	148.2	155.9	162.1	165.6	+2
France	79.5	62.5	62.1	60.7	67.4	+11
Italy	72.5	80.6	83.7	80.4	78.7	+2
Other EC-10 2/	94.7	114.5	116.1	117.6	125.8	+7
Total EC-10	551.8	550.4	559.7	551.3	561.4	+2
Soviet Union 3/	371.7	359.3	368.7	374.0	380.0	+2
Japan	301.4	309.1	306.3	306.0	303.0	-1
Brazil	132.5	132.3	129.2	127.8	146.3	+14
Other	1,436.0	1,567.9	1,553.2	1,604.1	1,636.7	+2
Total	4,118.8	4,555.7	4,552.9	4,698.0	4,872.8	+4
			Exports			
United States	72.9	73.6	60.7	56.5	58.9	+4
Bulgaria	63.2	62.0	60.8	72.0	75.2	+4
United Kingdom	30.4	46.4	46.2	39.6	39.4	-1
Switzerland	13.2	10.1	9.5	9.3	7.0	-25
West Germany	27.1	38.5	43.8	44.5	47.9	+8
Netherlands	20.3	35.6	36.2	45.4	45.5	0
Other	52.7	71.7	69.3	70.6	89.6	+27
Total	279.8	337.9	326.5	337.9	363.5	+8

1/ Estimates included in absence of reasonable data. 1985 Preliminary. 2/ Belgium-Luxembourg, Denmark, Greece, Ireland, Netherlands. 3/ Includes Papyrosy.

Compiled from USDA, FAS, Foreign Agriculture Circular, FT 7-86, July 1986.

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Table 29.--Estimated leaf used for cigarettes by kinds of tobacco, 1950-85

Calendar year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
	Million pounds								
Average									
1950-54	736	421	23	1,180	651	373	22	73	1,119
1955-59	701	417	20	1,138	622	371	19	92	1,104
1960-64	742	455	16	1,213	661	404	16	123	1,204
1965-69	866	477	21	1,164	594	426	21	150	1,191
1970	613	448	27	1,088	548	400	27	163	1,138
1971	596	432	24	1,052	532	386	24	165	1,107
1972	621	460	16	1,097	595	411	16	193	1,175
1973	659	485	14	1,158	588	433	14	196	1,231
1974	625	468	13	1,106	558	418	13	213	1,202
1975	614	471	26	1,111	548	420	25	231	1,224
1976	634	472	22	1,128	566	421	22	237	1,246
1977	588	454	16	1,058	525	405	16	242	1,188
1978	576	459	20	1,055	514	410	19	284	1,227
1979	556	462	22	1,040	494	413	22	348	1,277
1980	537	456	22	1,015	479	407	22	350	1,258
1981	500	451	20	971	446	403	20	383	1,252
1982	473	435	28	936	422	388	28	360	1,198
1983	451	411	27	889	402	367	27	388	1,184
1984 1/	439	369	29	837	392	329	29	391	1,141
1985 1/	455	379	28	862	406	338	28	396	1,168
	Per 1,000 cigarettes								
	Pounds								
Average									
1950-54	1.776	1.016	.057	2.849	1.571	.899	.053	.177	2.700
1955-59	1.570	.936	.045	2.551	1.394	.832	.042	.205	2.473
1960-64	1.396	.854	.030	2.280	1.242	.761	.030	.231	2.264
1965-69	1.174	.840	.037	2.051	1.048	.751	.036	.264	2.098
1970	1.051	.768	.046	1.865	.940	.686	.047	.279	1.951
1971	1.034	.749	.042	1.825	.923	.669	.042	.286	1.920
1972	1.037	.768	.027	1.832	.926	.686	.027	.322	1.961
1973	1.023	.752	.022	1.797	.913	.672	.022	.304	1.911
1974	.984	.737	.020	1.741	.880	.658	.020	.335	1.893
1975	.943	.723	.040	1.706	.842	.645	.038	.355	1.880
1976	.914	.681	.032	1.627	.816	.607	.031	.342	1.797
1977	.883	.682	.024	1.589	.789	.608	.024	.363	1.784
1978	.827	.660	.029	1.516	.739	.589	.027	.408	1.763
1979	.789	.656	.031	1.476	.701	.587	.031	.494	1.813
1980	.752	.639	.031	1.421	.671	.570	.031	.490	1.762
1981	.679	.612	.027	1.318	.606	.547	.027	.520	1.700
1982	.681	.627	.040	1.348	.608	.559	.040	.519	1.726
1983	.676	.616	.040	1.332	.603	.550	.040	.582	1.774
1984 1/	.657	.552	.043	1.252	.587	.492	.043	.585	1.708
1985 1/	.684	.570	.042	1.296	.610	.508	.042	.595	1.755
	Percent distribution								
	Percent								
Average									
1950-54	62.4	35.6	2.0	100.0	58.2	33.3	2.0	6.5	100.0
1955-59	61.6	36.7	1.7	100.0	56.3	33.6	1.7	8.3	100.0
1960-64	61.2	37.5	1.3	100.0	54.9	33.6	1.3	10.2	100.0
1965-69	57.2	41.0	1.8	100.0	49.9	35.8	1.8	12.6	100.0
1970	56.3	41.2	2.5	100.0	48.2	35.1	2.4	14.3	100.0
1971	56.7	41.0	2.3	100.0	48.1	34.8	2.2	14.9	100.0
1972	56.6	41.9	1.5	100.0	47.2	35.0	1.4	16.4	100.0
1973	56.9	41.8	1.2	100.0	47.8	35.2	1.1	15.9	100.0
1974	56.5	42.3	1.2	100.0	46.5	34.8	1.0	17.7	100.0
1975	55.3	42.4	2.3	100.0	44.8	34.3	2.0	18.9	100.0
1976	56.2	41.8	2.0	100.0	45.4	33.8	1.8	19.0	100.0
1977	55.6	42.9	1.5	100.0	44.1	34.2	1.3	20.4	100.0
1978	54.6	43.5	1.9	100.0	42.0	33.4	1.5	23.1	100.0
1979	53.5	44.4	2.1	100.0	38.7	32.3	1.7	27.3	100.0
1980	52.9	44.9	2.2	100.0	38.1	32.3	1.8	27.8	100.0
1981	51.5	46.4	2.1	100.0	35.6	32.2	1.6	30.6	100.0
1982	50.4	46.6	3.0	100.0	35.1	32.6	2.3	30.0	100.0
1983	50.8	46.2	2.9	100.0	34.0	31.0	2.2	32.8	100.0
1984 1/	52.5	44.1	3.4	100.0	34.4	28.7	2.6	34.3	100.0
1985 1/	52.8	44.0	3.2	100.0	34.8	28.9	2.4	33.9	100.0

1/ Subject to revision.

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Table 30 -Expenditures for tobacco products and disposable personal income, 1977-86

Year	Total	Cigarettes	Cigars 1/	Other 2/	Disposable personal income	Percent of disposable personal income spent on tobacco products			
						All	Cigarettes	Cigars 1/	Other 2/
	Million dollars				Billion dollars	Percent			
1977	17,190	15,850	665	675	1,379	1.25	1.15	.05	.05
1978	18,030	16,600	680	750	1,551	1.16	1.07	.04	.05
1979	19,150	17,650	670	830	1,729	1.11	1.02	.04	.05
1980	21,000	19,400	670	930	1,918	1.09	1.01	.03	.05
1981	22,950	21,200	710	1,040	2,128	1.08	1.00	.03	.05
1982	25,310	23,525	685	1,100	2,261	1.12	1.04	.03	.05
1983	28,710	26,840	705	1,165	2,426	1.18	1.10	.03	.05
1984	30,705	28,750	745	1,210	2,671	1.15	1.08	.03	.04
1985 3/	32,165	30,250	685	1,230	2,828	1.14	1.07	.03	.04
1986 4/	33,670	31,730	680	1,260	2,928	1.14	1.08	.02	.04

1/ Includes small cigars (cigarette-size). 2/Smoking tobacco, chewing tobacco, and snuff. 3/Subject to revision. 4/Estimated. Compiled from reports of Department of Commerce, Bureau of Economic Analysis.

Table 31 -Governmental revenues from tobacco products, 1976-86

Year ending June 30	Federal Government				State and local Governments		All Government
	Cigarettes 1/	Cigars 2/	Other 3/	Total 4/	State	Local	
	Million dollars						
1975-76	2,435	50	3	2,488	3,462	119	6,069
1976-77	2,279	39	4	2,322	3,500	131	5,953
1977-78	2,374	38	4	2,416	3,654	132	6,202
1978-79	2,356	36	5	2,397	3,640	133	6,170
1979-80	2,604	40	4	2,648	3,730	132	6,510
1980-81	2,488	41	4	2,533	3,893	164	6,590
1981-82	2,496	36	4	2,536	3,966	178	6,680
1982-83	3,424	33	7	3,464	4,118	175	7,757
1983-84	4,749	33	10	4,792	4,233	180	9,205
1984-85 4/	4,443	23	11	4,477	4,314	196	8,987
1985/86 5/	4,424	28	10	4,462	4,425	205	9,092

1/ Includes large cigarettes. 2/ Includes small cigars and revenue on cigars from Puerto Rico placed into the Treasury of Puerto Rico. 3/ Includes cigarette paper and tubes, and imported cigarettes and cigars. 4/ Subject to revision. 5/ Estimated.

Compiled from reports of the Internal Revenue Service and the Bureau of the Census.

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Table 32--Imported foreign-grown cigarette leaf stocks, by quarters, 1977-86 1/

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
				Million pounds				
	--- Foreign-grown flue-cured ---				--- Foreign-grown oriental and aromatic ---			
1977	100	102	109	117	397	365	362	347
1978	117	120	130	132	344	364	345	295
1979	132	133	147	157	326	359	366	350
1980	153	148	166	166	343	342	367	336
1981	152	140	161	167	316	332	324	320
1982	152	141	200	222	337	395	403	367
1983	207	207	213	237	366	408	422	377
1984	236	227	244	280	422	401	419	382
1985	264	242	267	261	363	372	366	344
1986	231	217	258		346	391	375	
	--- Foreign-grown burley ---				--- Total imported cigarette leaf ---			
1977	139	132	127	138	637	599	598	602
1978	140	136	150	174	601	619	625	601
1979	172	163	171	188	630	655	684	696
1980	187	192	213	216	683	681	746	719
1981	208	211	244	265	676	684	729	752
1982	272	263	271	290	760	799	874	879
1983	282	286	271	271	856	902	906	885
1984	275	267	288	282	875	894	951	944
1985	292	268	276	282	919	882	910	887
1986	258	248	251		835	856	883	

1/ Farm-sales weight.

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COSTS OF PRODUCING AND SELLING FLUE-CURED TOBACCO: 1984, PRELIMINARY 1985, AND PROJECTED 1986 1/

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National Economics Division
Economic Research Service

Abstract: Total costs per acre, excluding land and quota, for producing and selling flue-cured tobacco are expected to decline 22 percent in 1986, compared with a 17-percent hike in 1985. Variable costs per acre are expected to decline 27 percent in 1986. Much of the decline will result from the 22.5-cent-per-pound decline in the no-net-cost assessment. Excluding the no-net-cost assessments, land, and quota, total costs per acre are expected to decline 5 percent in 1986. But with lower yields, total costs per pound, excluding assessments, land and quota, may rise about 5 percent. Effective price support levels were reduced 21 cents a pound in 1986, and with lower yields, this will result in lower net returns per pound of tobacco for most producers. For purposes of calculating the cost-index component for the 1987 price support level for flue-cured tobacco under the "Reconciliation Act" assessments, management, overhead, land, and quota costs are excluded. With these exclusions, the 1986 cost per acre is expected to decline 2.7 percent from 1985.

Keywords: Flue-cured tobacco, variable costs, total costs.

The major source of data for cost estimates in this article is a 1979 survey of 1,033 tobacco producers in the flue-cured belt. The 1979 data have been updated annually to obtain national cost estimates for 1984, 1985, and 1986. Costs reported here are averaged to represent all flue-cured growers in the United States. Although costs vary widely because of differences in tobacco grown per farm, harvest methods, management, labor productivity, and a host of other factors, variability of costs is not shown in this article.

Approximately 60 separate production systems were budgeted, reflecting cost differences by region, acres of tobacco grown, and various harvest methods. The results were totaled using the relative importance of each system to obtain the average. Harvest system weights were changed for each year to reflect increased use of labor-saving bulk barns and mechanical harvesters.

Budget items are shown in table 33. Labor costs are included for all labor used. Hired, family, and exchange labor are all charged at prevailing farm wage rates. Machinery and barn ownership costs are based on the current cost of replacing the barn or piece of equipment, and represent the annual contribution needed to maintain a reserve to purchase new equipment or barns when existing ones must be replaced. General farm overhead includes costs for recordkeeping, utilities, and other items that are difficult to allocate to specific enterprises.

An additional cost component, management, was also estimated. The management charge was computed as 10 percent of the variable, machinery and barn ownership, and general farm overhead costs. A charge for land and quota was not calculated because of insufficient data about quota value reductions in recent years

1/ For a more detailed discussion of concepts and procedures that underlie flue-cured production costs see ERS 667, "Flue-Cured Tobacco Production Costs," October 1981.

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stemming from uncertainties about the future of the tobacco program.

Crop values, used for calculating sales fees, were computed for 1984 and 1985 using the average annual price received by farmers; 1984 and 1985 yields were based on actual yields, and 1986 yields were those indicated as of August 1. The average price of the 1986 crop is not known so a price of $1.52 a pound was assumed.

Cost Changes, 1984 to 1985

Variable costs per acre increased 24 percent between 1984 and 1985 (table 33). The boost resulted from the 18-cent-per-pound hike in the no-net-cost assessment. Other variable costs declined 2 percent because fertilizer, pesticide, and marketing costs declined. Yields were a little higher in 1985 so variable costs per 100 pounds rose a little less sharply--22 percent.

About 44 percent of 1985 variable costs were comprised of labor, curing fuel, and electricity. Curing fuel and electricity costs declined 4 percent, after remaining about the same the year before. Labor costs were about 4 percent higher despite a continued hike in acreage on which labor-saving bulk barns and mechanical harvesters are used. Fertilizer costs fell 9 percent while pesticide costs remained about the same.

Table 33--Flue-cured tobacco: Production and selling costs per acre and per 100 pounds, by cost items, 1984, preliminary 1985, and projected 1986

Cost item	Year					
	Cost per acre			Cost per 100 pounds		
	1984	1985	1986	1984	1985	1986
	Dollars					
Variable	1,671.52	2,068.74	1,503.40	75.75	92.31	74.06
Labor 1/	582.48	607.11	622.07	26.40	27.09	30.64
Plant bed materials 2/	50.72	50.13	49.04	2.30	2.24	2.42
Fertilizer and lime	91.51	83.29	83.36	4.15	3.72	4.11
Pesticides 3/	94.08	94.44	93.08	4.26	4.21	4.59
Sucker control	40.46	40.55	40.60	1.83	1.81	2.00
Fuel and lubrication 4/	64.02	62.40	50.25	2.90	2.78	2.48
Curing fuel and electricity 5/	312.61	299.25	268.43	14.17	13.35	13.22
Repairs 6/	67.89	65.72	65.21	3.08	2.93	3.21
Marketing fee	119.85	115.57	92.57	5.43	5.16	4.56
No-net-cost-fund	154.42	560.25	50.75	7.00	25.00	2.50
Inspection and grading fee	12.13	12.33	11.17	.55	.55	.55
Other 7/	64.08	64.67	63.77	2.90	2.89	3.14
Interest	17.26	13.03	13.10	.78	.58	.65
Machinery and barn ownership	471.84	451.05	453.30	21.39	20.13	22.33
Replacement	233.86	222.69	224.11	10.60	9.93	11.04
Interest	195.96	187.35	188.05	8.88	8.36	9.26
Taxes and insurance	42.02	41.01	41.14	1.90	1.83	2.03
General farm overhead	42.58	42.70	41.08	1.93	1.91	2.02
Management 8/	218.59	245.23	189.99	9.91	10.94	9.36
Total, excluding land and quota 9/	2,404.53	2,807.72	2,187.77	108.98	125.29	107.78
Yield per acre (pounds)	2,206	2,241	2,030	2,206	2,241	2,030

1/ Includes operator, family, exchange, and hired labor valued at prevailing hired wage rates. 2/ Includes plant bed seed, fertilizer, pesticides, and custom fumigation. 3/ Includes insecticides, herbicides and fungicides. 4/ Includes tractor and machinery fuel and lubrication. 5/ Includes cost of LP gas, fuel oil, or diesel and electricity used to cure tobacco. 6/ Includes machinery, equipment, and barn repairs. 7/ Includes sticks, twine, sheets, cover-crop seed, and tobacco crop insurance. 8/ Based on 10 percent of all costs listed above. 9/ Insufficient data to estimate land and quota costs.

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Machinery and barn ownership costs declined 4 percent because of lower interest rates and steady machinery and barn prices.

Total costs, excluding land and quota, increased 17 percent, from $2,405 to $2,808 per acre. The increase resulted from higher no-net-cost assessments. Land and quota charges were not estimated because of insufficient data.

Cost Changes, 1985 to 1986

Per acre variable costs in 1986 are projected at $1,503, 27 percent lower than in 1985 (table 33). However, because yields are lower, variable costs per pound are down only 20 percent. A large part of the reduction resulted from the 22.5-cent-per-pound decline in the no-net-cost-assessment. However, fuel costs were also somewhat lower. Labor costs rose but fertilizer and pesticide costs remained about the same. Total costs per acre, excluding land and quota, are expected to be about $2,188, down 22 percent.

Wage rates continue to rise even though the Federal minimum wage will not change in 1986. To partially offset wage increases, farmers continue to use labor-saving bulk barns and mechanical harvesters on a larger share of the acreage and to expand the size of their operations, thereby lowering labor requirements per acre. However, labor costs are expected to rise 2-1/2 percent from a year ago.

Machinery and barn ownership costs are estimated virtually the same as in 1985. Both prices and interest rates have stabilized.

Land and quota costs have fallen because of reductions in the price support level. However, data are not sufficient to calculate the magnitude of the drop beltwide. For purposes of calculating the cost-index component for the 1987 price support level for flue-cured tobacco under the "Reconciliation Act", assessments, management, overhead, land, and quota costs are excluded. With these exclusions, the 1986 costs per acre are expected to decline 2.7 percent from the 1985 costs.

Conclusions

The costs of producing and selling an acre of flue-cured tobacco, excluding land and quota, will likely be down 22 percent in 1986, compared with 1985's 17-percent increase. The key factor is the 22.5-cent-per-pound drop in the no-net-cost account contribution in 1986. Without this large reduction, costs per acre would have declined 5 percent and costs per pound would rise 5 percent.

Together with the reduction in no-net-cost assessments, the 1986 price support level was reduced 21 cents a pound from the 1985 effective level. Auction prices to growers are somewhat below last year and together with lower yields, net returns per acre to growers are likely to decline.

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STATISTICAL SUMMARY

Item	Unit or base period	1985		1986			Last data as percentage of a year earlier
		July	August	June	July	August	
Average price to growers							
Flue-cured	Ct. per lb.	150.9	160.4	closed	122.2	144.0	90
Burley	Ct. per lb.	closed	closed	closed	closed	closed	
Maryland	Ct. per lb.	closed	closed	closed	closed	closed	
Virginia fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	
Ky.-Tenn. fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	
Ky.-Tenn. dark air-cured	Ct. per lb.	closed	closed	closed	closed	closed	
Virginia sun-cured	Ct. per lb.	closed	closed	closed	closed	closed	
Price support level 1/							
Flue-cured	Ct. per lb.	169.9			143.8		85
Burley	Ct. per lb.	148.8			148.8		100
Virginia fire-cured	Ct. per lb.	118.8			* *		
Ky.-Tenn. fire-cured	Ct. per lb.	123.0			* *		
Ky.-Tenn. dark air-cured	Ct. per lb.	104.7			* *		
Virginia sun-cured	Ct. per lb.	109.4			* *		
Misc. binder and Ohio filler	Ct. per lb.	90.7			* *		
Puerto Rican filler	Ct. per lb.	74.0			* *		
Parity index 2/	1910-14=100	1119			1108		99
Industrial production index 3/	1967=100	124.1	125.2	124.2	124.1	—	100
Employment-Civilian	Mil.	106.9	107.2	109.7	109.9	—	103
Personal income 4/	Bil. dol.	3,188.8	3,320.5	3,485.6	3,502.5	—	106
		1985		1986			
		June	July	May	June	July	
Taxable removals							
Cigarettes	Bil.	57.6	42.1	52.4	56.0	—	97
Cigars and cigarillos	Mil.	299.5	233.0	279.4	281.2	—	94
Accumulated from Jan. 1							
Cigarettes	Bil.	298.3	340.4	228.5	284.5	—	95
Cigars and cigarillos	Mil.	1,526.9	1,760.0	1,163.6	1,444.8	—	95
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	10.6		9.5		—	90
Chewing tobacco	Mil. lb.	42.2		40.5		—	96
Snuff	Mil. lb.	24.3		23.3		—	96
Tax-exempt removals							
Cigarettes	Bil.	4.6	4.7	5.2	6.4	—	139
Exports	Bil.	2.8	4.0	5.2	5.4	5.6	140
Cigars and cigarillos	Mil.	10.6	3.8	6.3	7.9	—	75
Accumulated from Jan. 1							
Cigarettes	Bil.	30.6	35.3	28.0	34.4	—	112
Exports	Bil.	25.8	29.7	24.0	29.4	35.0	118
Cigars and cigarillos	Mil.	49.3	53.1	32.2	40.1	—	81
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.1		.6		—	600
Chewing tobacco	Mil. lb.	.1		.1		—	100
Producer price indexes 5/							
Tobacco products	1967=100	420.7	435.9	452.0	451.7	467.1	107
Cigarettes (filtertip, king size)	1967=100	419.2	437.5	455.9	455.9	478.8	109
Cigars	1967=100	196.8	196.8	197.6	197.6	197.6	100
Smoking tobacco	1967=100	404.0	403.9	421.3	416.8	416.8	103
Snuff	1967=100	468.4	491.3	533.4	533.4	540.4	110
Consumer price indexes (urban)							
Tobacco products	1967=100	324.8	330.0	346.5	347.1	354.3	107
Cigarettes	1967=100	333.8	339.4	356.8	357.3	365.2	108
Other tobacco products 6/	Dec. 1977=100	165.6	166.8	172.9	173.6	174.8	105
Imports of tobacco (for consumption) 7/							
Cigarette leaf	Mil. lb.	26.6	27.3	33.8	22.4	28.2	103
Cigar tobacco (leaf and scrap)	Mil. lb.	2.7	2.7	2.8	1.9	3.0	107
Other tobacco (leaf and scrap)	Mil. lb.	4.7	5.5	6.1	5.8	9.7	176
Accumulated from Jan. 1 7/							
Cigarette leaf	Mil. lb.	159.7	187.0	156.9	179.3	207.5	111
Cigar tobacco (leaf and scrap)	Mil. lb.	23.9	26.6	16.6	18.5	21.6	81
Other tobacco (leaf and scrap)	Mil. lb.	20.7	26.2	16.8	22.6	32.3	123

See footnotes at end of table.

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STATISTICAL SUMMARY—CONTINUED

Item	Unit or base period	1985		1986			Last data as percentage of a year earlier
		June	July	May	June	July	
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	8.1	11.1	16.5	15.6	10.8	97
Burley	Mil. lb.	6.0	5.3	14.3	8.5	4.8	91
Maryland	Mil. lb.	2.1	1.1	.7	2.2	.7	64
Virginia fire- & sun-cured	Mil. lb.	.1	—	*	.2	.5	—
Ky.-Tenn. fire-cured	Mil. lb.	.7	2.1	.9	.8	.2	10
Ky.-Tenn. dark air-cured	Mil. lb.	.1	.2	.2	.1	.3	150
Cigar wrapper	Mil. lb.	.2	.2	.4	.2	.2	100
Cigar binder	Mil. lb.	*	.1	*	*	*	—
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	480.5	—	419.5	435.1	—	91
Burley	Mil. lb.	132.0	137.3	127.0	135.5	140.2	102
Maryland	Mil. lb.	5.5	6.6	4.0	6.2	6.9	105
Virginia fire- & sun-cured	Mil. lb.	2.6	2.7	3.1	3.3	3.7	137
Ky.-Tenn. fire-cured 9/	Mil. lb.	10.1	12.3	13.8	14.7	14.9	121
Ky.-Tenn. dark air-cured 9/	Mil. lb.	2.2	1.9	3.0	3.1	2.6	137
Cigar wrapper	Mil. lb.	2.2	—	1.6	2.0	—	91
Cigar binder	Mil. lb.	.2	.3	.2	.2	.2	67
Cigar filler	Mil. lb.	.2	.2	.2	.2	.2	100
Exports of manufactured tobacco in bulk and not elsewhere classified 10/	Mil. lb.	3.7	3.3	10.7	8.0	5.4	164
Accumulated from Jan. 1	Mil. lb.	20.5	23.8	47.8	55.8	61.2	257

		Quarterly data				
		1985		1986		
		Apr.-June	July-Sept.	Apr.-June	July-Sept.	
Stocks of tobacco—1st of quarter (farm-sales weight) 11/						
Domestic types						
Flue-cured	Mil. lb.	2,251	2,080	2,132	1,958	94
Burley	Mil. lb.	1,689	1,575	1,710	1,562	99
Maryland	Mil. lb.	48	58	48	58	100
Fire-cured	Mil. lb.	104	101	115	112	111
Dark air- and sun-cured	Mil. lb.	56	53	58	55	104
Cigar filler	Mil. lb.	63	60	55	58	97
Cigar binder	Mil. lb.	75	66	80	66	100
Cigar wrapper	Mil. lb.	3	3	3	3	100
Under Government loan 12/	Mil. lb.	1,473	1,460	1,582	1,497	103
Foreign types						
Cigarette and smoking	Mil. lb.	882	910	856	883	97
Oriental	Mil. lb.	372	366	391	375	102
Flue-cured	Mil. lb.	242	267	217	258	97
Burley	Mil. lb.	268	276	248	251	91
Cigar	Mil. lb.	85	86	86	86	100
Tobacco outlets 13/						
Seasonally adjusted data, annual rates, for charts						
Cigarettes						
Production	Bil.	638.8	667.2	668.0	655.0	98
Tax-paid removals	Bil.	601.2	515.9	584.4	505.0	98
Cigar production						
Large	Bil.	3.19	3.11	2.76	2.80	90
Small	Bil.	1.48	1.04	1.08	1.88	85
Smoking production	Mil. lb.	22.2	21.0	20.0	19.8	94
Chewing production						
Loose leaf	Mil. lb.	76.2	76.4	75.8	76.0	99
Plug and other	Mil. lb.	14.1	12.5	12.6	11.5	92
Snuff production	Mil. lb.	49.6	55.0	49.4	54.5	99
Exports of leaf						
Total	Mil. lb.	456	599	492	610	102
Flue-cured	Mil. lb.	218	441	215	450	102

1/ 1985 and 1986 crops, respectively. For 1985 crop, effective flue-cured support reduced to $1.65 a pound. Rebate of 25 cents a pound to buyers further reduced buyers costs for flue-cured. 1985 burley support lowered from previously announced $1.738 per pound to $1.488 per pound under legislation signed into law on November 15, 1985. 2/ Prices paid by farmers including interest, taxes, and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable State and local taxes included. 6/ Includes tobacco accessories. 7/ Declared weight. Cigarette leaf includes flue-cured, burley, Oriental and stemmed cigarette leaf. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. *Less than 50,000 pounds. **Estimated. Items may not add because of rounding. Data comparable to earlier years not available.

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LIST OF TABLES

Page	Table	
4	1.	Cigarettes: U.S. output, removals, and consumption, 1977-86
5	2.	Consumption per capita of tobacco products, 1977-86
6	3.	U.S. cigarette exports to leading destinations, 1985-86
7	4.	Tobacco demand factors, 1976-86
7	5.	Wholesale cigarette price revisions, 1977-86
8	6.	Cigars and smoking tobacco: Output, removals, and consumption, 1983-86
9	7.	Tobacco products: Output by category, 1977-86
12	8.	Tobacco exports by type and countries, 1983-86
13	9.	U.S. imports of unmanufactured tobacco for consumption and general, 1985-86
14	10.	U.S. imports of flue-cured and burley tobacco and domestic disappearance, 1969-85
15	11.	U.S. imports of unmanufactured tobacco: Quantity and average value, by kinds, 1985-86
15	12.	All tobacco: Acreage, yield, and production, United States, 1965-86
16	13.	U.S. tobacco allotments, by kinds of tobacco, 1986
17	14.	Flue-cured tobacco auction markets: Gross sales, average price, loan receipts, sales dates, 1985-86
18	15.	Flue-cured and burley tobacco: Marketing quota and marketings, 1976-86
20	16.	Flue-cured and burley: U.S. supplies, disappearance, prices, 1976-86
21	17.	U.S. exports of unmanufactured tobacco by types to principal countries, crop years, 1983/84-1985/86
22	18.	U.S. flue-cured tobacco exports: Percentage stemmed form of total, 1978-86
22	19.	Flue-cured tobacco: Effective farm quotas, designations, and marketings, 1984-86
23	20.	Burley marketing quota, Kentucky, Tennessee, other States, 1984-86
24	21.	Burley tobacco: Percentage of selected groups, quality and color categories of total, 1976-86
24	22.	Tobacco loan stocks, 1984-86
25	23.	Southern Maryland tobacco: U.S. supplies, disappearance, prices, 1977-86
26	24.	Fire-cured tobacco: U.S. supplies, disappearance, prices 1977-86
28	25	Dark air-cured tobacco: U.S. supplies, disappearance, prices, 1977-86
29	26.	Cigar tobacco: U.S. supplies, disappearance, prices 1977-86
31	27.	Cigar leaf tobacco price support operations, 1982-86
32	28.	World cigarette output and trade, 1976-85
33	29.	Estimated leaf used for cigarettes by kinds of tobacco, 1950-85
34	30.	Expenditures for tobacco products and disposable income, 1977-86
34	31.	Governmental revenues from tobacco products, 1976-86
35	32.	Imported foreign-grown cigarette leaf stocks, by quarters, 1977-86
37	33.	Flue-cured tobacco: Production and selling costs per acre and per 100 pounds, by cost item, 1984-86
39		Statistical Summary

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